ملف/ مـن الأصـل

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

ALASKA
Implications of the oil disaster
Page 15

No.30,811 — Thursday April 6 1989 — D 8523A

World News

Gorbachev looks for UK support on arms cuts

Mikhail Gorbachev, Soviet leader, is looking for the support of Mrs Margaret Thatcher, UK Prime Minister, during his visit to Britain, to accelerate the negotiations on conventional arms cuts in Europe and *the banning of chemical weapons.*

He is also expected to come up with proposals on closer co-operation between West and East Europe, possibly through the creation of some kind of institutional link in line with his concept of "a common European house." Page 16

Vietnam withdrawal
Vietnam announced it would withdraw all its troops from Kampuchea by the end of September, regardless of whether or not a political solution to the conflict had been found. Page 16

Kosovo chief quits
Remzi Kolgeci, President of Yugoslavia's troubled southern province of Kosovo resigned, citing his "objective and personal responsibility for the situation in the province." Earlier story, Page 2

Haiti emergency
Haitian leader General Prosper Avril declared a nationwide state of emergency after soldiers from the Dessalines Battalion called on him to resign as President. Page 3

Palme: man charged
A 42-year-old Swede is to be charged with the murder of Mr Olof Palme, former Prime Minister who was shot dead on a Stockholm street three years ago. Page 2

Boost for Gadaffi
Soviet Union has sold Libya advanced fighter-bomber jets which give Colonel Muammar Gadaffi's government far greater capability to strike long-range targets in the Middle East, according to the US. Page 3

Bonn recalls envoy
West Germany recalled its ambassador to Bucharest in its sharpest reaction yet against human rights violations in Romania. Page 2

Argentina devalues
Argentina's new economic team devalued the austral by 21 per cent, introducing an officially fixed rate of 20 australs to the US dollar from 15.8. Page 3

Beirut gun duels
Syrian and Christian forces continued their artillery duels in the Lebanese capital Beirut increasing the death toll in the latest outbreak of fighting to more than 130. Page 4

Italian strike
Government offices were heavily depopulated by a national strike marking the opening of hostilities between ministers and Italian trade unions over civil service pay. Page 2

Richard II
Richard M. Daley, eldest son of the Democratic boss who ruled Chicago for 21 years, was elected mayor of Chicago in a landslide victory which broke six years of black control of City Hall. Page 3

$12m forgery
West German police arrested three men and seized $12m in $160 notes produced in a workshop in the rural Odenwald region south of Frankfurt.

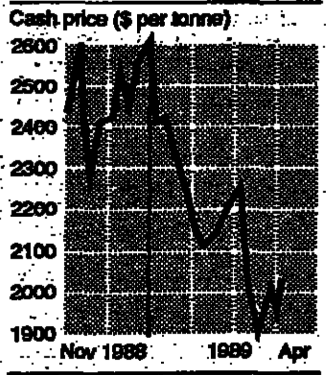
Business Summary

Brussels seeks strict car exhaust standards

ALL CARS sold in the EC should conform to tough US-style controls on exhaust pollution from 1993, European Commission proposed, and in the meantime, existing EC voluntary car exhaust standards should be made mandatory from 1991. EC Governments will have to ratify the plan, likely to provoke strong resistance from France, Spain and Italy on behalf of car manufacturers. Page 16

ALUMINIUM prices on the LME maintained by the close a morning breakthrough above $2,600 a tonne. Three-month metal added $28 to $2,009 a tonne – *the highest level since March 15* – and traders said the new level signalled further gains for today. Commodities, Page 28

Aluminium



BASF, leading West German chemicals group, saw group pre-tax profits soar by 44 per cent to DM3.73bn ($7.01bn) last year. Page 17

ALLIANZ, Europe's biggest insurance group, took further step in its European expansion strategy by buying a 51 per cent stake in Ercos de Seguros y Reaseguros, middle-ranking Spanish insurer. Page 17

PIRELLI group, of Italy, unveiled details of plan to hive off its tyre operations and transfer them into Dutch-registered holding company forecast to have $3.5bn sales, making it world's fifth largest tyre maker. Page 18

NATIONALE-Nederlanden, Netherlands' biggest insurance company, increased 1988 earnings by 12 per cent but Amev, third largest insurer, posted a 5 per cent fall. Page 18

FRENCH Government asked Framatome, nuclear plant constructor, to delay signing agreement with Kraftwerk Union, West German competitor and a subsidiary of Siemens group. Page 18

MINORCO, South African-controlled investment group, revealed it already has several potential buyers for the substantial shareholdings in Gold Fields of SA, Newmont Mining, and Renison Consolidated it would acquire if its £3.2bn ($5.39m) bid for Consolidated Gold Fields of the UK was successful. Page 17

VOLVO, Swedish carmaker, is making emergency plans to move large parts of its production to the European Community if Sweden is discriminated against in future EC rules. Page 6

RENAULT Truck Industries, UK subsidiary of Renault Vehicules Industriels, French commercial vehicle maker, aims to break even this year after *eight years of losses.* Page 9

LIBERALISATION of the Japanese Government bond market advanced with the launch of a US-style auction for 10 year bonds. Page 22

JAPAN intends to extend for another year voluntary curbs on car exports to the European Community. Page 6

CREATION of a common Nordic Stock Exchange was firmly rejected by the stock exchange heads of Sweden, Denmark, Norway and Finland. Page 21

Gift disclosures drag Takeshita deeper into Recruit quagmire

By Stefan Wagstyl in Tokyo

MR Noboru Takeshita, the Japanese Prime Minister, was yesterday fighting for his political future after fresh disclosures about financial support he received from Recruit, the company at the centre of a *widespread financial scandal.*

Japanese newspapers revealed yesterday that Mr Takeshita received Y30m ($134,000) from Recruit in addition to a Y20m donation which he admitted accepting last week. The gifts were made in May 1987, just as he was starting his campaign in the ruling Liberal Democratic Party to succeed Mr Yasuhiro Nakasone as Prime Minister.

The disclosures prompted opposition politicians to renew calls for the Prime Minister's resignation and for a general election. Mr Takeshita's standing in the opinion polls has *dropped to an all-time low for a post-war Japanese Premier.*

The ruling Liberal Democratic Party is expected to stand by him at present, if only because most of Mr Takeshita's leading rivals are also involved in the scandal.

The latest revelations show that Recruit, which had favoured Mr Nakasone and his followers with donations in the mid-1980s, began to greatly increase its support for Mr Takeshita when it appeared in 1987 that Mr Nakasone was on the way out.

The disclosures are likely to undermine Mr Takeshita's attempts to distance himself from the scandal on the grounds that most of Recruit's alleged attempts to bribe leading politicians, civil servants and businessmen took place during Mr Nakasone's administration.

The affair blew up last summer when it was disclosed that Recruit, a business information company, offered gifts in the form of cut-price stock in its property affiliate Recruit Cosmos in 1986. Among the recipients was one of Mr Takeshita's aides. Thirteen people have since been arrested on bribery charges and three cabinet ministers have been forced to resign.

Mr Takeshita said yesterday he would check the latest allegations before commenting. According to newspaper reports, Recruit bought tickets worth Y20m to a Takeshita fund-raising party in a Tokyo hotel and tickets worth Y30m at a function nine days later.

Aides pointed out that the money was received before the controversial sales of Recruit Cosmos stock became public. This, said Mr Takeshita's supporters, set the Prime Minister apart from former Cabinet ministers who resigned because they continued to receive cash donations from Recruit after the scandal erupted.

However, opposition party leaders hope to use the allegations as ammunition to discredit the LDP's attempts to defuse the scandal by promising reform of fund-raising laws.

Editorial comment, Page 14


Takeshita: fighting

Solidarity legalised in pact with government

By Christopher Bobinski in Warsaw

POLAND'S Solidarity trade union is to be legalised and the first democratic elections since the Second World War will be held under a historic pact concluded yesterday between the independent union and the Government.

Gen Wojciech Jaruzelski described the process by which the pact had been reached as a move towards "socialist parliamentary democracy."

The deal, which will end the ban imposed on the union in 1981, was agreed at a televised session of the roundtable conference which has brought together representatives of the Government, Solidarity and the official union OPZZ, in Warsaw for nine weeks of meetings.

Agreement came after an eleventh-hour hitch on the question of wage indexation. Mr Alfred Miodowicz, leader of the official union, initialed the pact despite sticking to the OPZZ's demand for 100 per cent indexation of wages to price rises. Solidarity and the Government had agreed an 80 per cent linkage.

Mr Lech Walesa, the Solidarity leader, said: "I think that the round-table talks can become the beginning of the road to democracy and a free Poland, and hence we look with boldness and hope into the future."

The deal includes what Solidarity calls a new "infrastructure of democracy" – more independence for judges, some access for the opposition to the media, liberalisation of the right to form associations and political clubs, and an official pledge to establish local government independence.

Mr Walesa warned that his movement was interested in seeing concrete reform and not just hearing the "beautiful" words which the authorities had been accustomed to uttering in the past.

Mr Walesa signalled that Solidarity would continue the struggle to limit the system of Communist Party appointments to key posts, as well as for cuts in military and internal security. But he praised the authorities for opening the roundtable dialogue and recognising that the system had to be changed.

Gen Czeslaw Kiszczak, the Interior Minister, who chaired the round-table talks and played a crucial role in keeping the conference going, admitted that Poland's system of government would have to be changed. But he also warned against precipitate reforms.

He called on western governments to "fulfil their commitments to Poland" – a reference to Western insistence that further economic aid to the country would not be forthcoming until Solidarity had been legalised. Poland has a foreign debt of $39bn.

The round-table agreement marks the legalisation of three organisations which, until now, have been banned: Solidarity, Farmers' Solidarity, and the Independent Students' Union. In return Solidarity has promised not to boycott national elections in June.

Under the agreement, Parliament is to create a senate and the office of a President, who should be Gen Jaruzelski, the Communist Party leader.

Under a government-opposition electoral pact the opposition will enter the Sejm (lower house) for the first time with a 35 per cent share of the seats. The Communists have simultaneously agreed to give up their 53 per cent majority.

Political observers say they will accept 38 per cent of the seats although their coalition with allied groups will have a 65 per cent majority.

Equally striking is a constitutional reform creating a 100-member senate (upper house).

Solidarity's difficulties, Page 2

FALL AND RISE OF SOLIDARITY

- 1980: Solidarity recognised under Lech Walesa (above). Strikes begin.
- 1981: Martial law and ban on Solidarity.
- 1982: The right to strike is curbed.
- 1983: Lech Walesa wins the Nobel prize.
- 1983-1988: Solidarity continues underground but membership dwindles.
- 1986: Solidarity invited to join consultative council.
- 1988: Signals readiness to accept new law; Gdansk shipyard closure announced; Walesa threatens to resign.
- 1989 Solidarity joins Round Table talks.

Plan to end Namibia fighting rejected

By Michael Holman in London and Anthony Robinson in Cape Town

THE South West Africa People's Organisation (Swapo) last night rejected South Africa's terms for ending fighting in northern Namibia, now entering its sixth day.

Swapo is now in an invidious position.

Mr Sam Nujoma, its leader, has to choose between sustaining a battle he cannot win, or a humiliating climbdown.

But continued fighting will place the settlement plan for the territory under intense strain, and provoke further criticism of the UN for its failure to keep the protagonists apart.

Under the ceasefire offered by South Africa yesterday, the UN was expected to supervise the surrender of Swapo guerrillas at designated points in northern Namibia.

They would then be escorted by the UN to bases in Angola beyond the 16th parallel, more than 100 miles north of the country's joint border.

The proposal was made by Mr Pik Botha, the South African Foreign Minister, in a letter to Mr Javier Perez de Cuellar, the UN Secretary General.

The letter added that "a further 300 armed Swapo crossed the border from Angola last night."

In a short-wave radio broadcast in Namibia, Mr Botha said: "Swapo must surrender, lay down their arms, hoist a white flag – then nothing will happen to them."

In an earlier letter sent on Tuesday to Mr Perez de Cuellar, 'Protocol' released, Page 4

Continued on Page 16

SocGen in £50m agreed offer for Touche Remnant

By Nikki Tait in London and George Graham in Paris

SOCIETE GENERALE, the privatised French bank, yesterday announced a £50m ($85m) agreed offer for Touche Remnant, ending speculation surrounding the unquoted, London-based fund management group.

The deal is the latest in a series of ownership changes among independent UK fund management groups.

European banks have already been fairly prominent acquirers: Dresdner Bank, for example, bought Thornton Management last year, while Bank in Liechtenstein made a recommended bid for GT Management in February.

On the one hand, the British groups are seen to offer equity investment expertise, which tends to be more advanced in the UK. On the other, the European banks have distributive capacity and can give smaller fund management groups financial muscle.

Valuations of fund management companies have also fallen fairly sharply following the 1987 stock market crash, leaving them vulnerable to predators.

In the case of the Société Générale offer, the deal creates combined funds under management of £17.6bn. Of this, £14.8bn is with the Paris-based group, the largest privately owned bank in France.

Touche Remnant contributes about £2.8bn – about £1.18bn in investment trusts, £1.24bn in institutional money, and some £330m in unit trusts and private clients.

The company was the largest manager of investment trusts in the UK until a successful £360m bid by the British Coal Pension Funds for TR Industrial & General, its biggest flagship trust, last autumn.

These trusts have historically been the only holders of shares in Touche Remnant although Liberty Mutual, US insurance group, was allowed to acquire 15 per cent last summer.

Société Générale's executives have for some months been examining ways of counter-attacking competition in the group's domestic market by penetrating other markets. Yesterday, it explained that the Touche Remnant deal was part of a continuing strategy to develop its international investment management business.

For Touche Remnant, the offer ends more than two years of speculation. In late 1986, talks with Metropolitan Life of the US were disclosed and when these fell through, boardroom differences emerged.

There has since been a series of attacks on the various trusts, with other trusts exercising their pre-emptive right to buy out the shares in the fund management group.

The offer comprises a cash consideration of 230p a share, or a total payment of just under £47m to the six TR trusts and Liberty Mutual.

Taking account of options held by directors and employees – which are now likely to be exercised and replaced by a new scheme – the total consideration amounts to about £50m.

Lex, Page 16; Background, Page 17

Gatt nears agreement on terms for agricultural trade reform

By Peter Montagnon and William Dullforce in Geneva

THE General Agreement on Tariffs and Trade is "near agreement" on the terms for negotiating reform of world trade in agriculture, Mr Arthur Dunkel, its Director General said yesterday.

His statement to the formal opening of this week's talks designed to restore momentum to the Uruguay Round of multilateral trade negotiations was his most optimistic yet over the prospects for agreement.

The talks follow the stalemate reached in Montreal in December when the European Community and the US clashed bitterly over long-term objectives for farm reform.

Their formal opening yesterday was adjourned after less than an hour to allow intensive discussions on agriculture to resume in the hope of an early breakthrough which would then facilitate agreement on other outstanding Uruguay Round issues. These are intellectual property rights, textile trade reform and safeguard rules which allow countries to protect industries hit by a sudden surge in imports.

Delegates said considerable progress had now been made in defining long-term goals for farm reform. None the less, they added, they were facing a tough struggle to persuade the European Community to drop two demands which could still jeopardise the farm talks.

These were its insistence on being allowed to "rebalance" cuts in protection for one farm commodity with increases on another and its claim that an aggregate measure of support rather than commodity and policy-specific yardsticks should be used to establish an immediate freeze on farm supports.

Southern EC countries are insisting on the use of an aggregate measure of support since it would result in a more flexible freeze, which would leave untouched products of key interest to them such as fruit and vegetables.

Some European delegates said it might be necessary to call a meeting of their 12 farm ministers before the EC could alter its position on the freeze. This would have to be in Luxembourg and could not take place before tomorrow, delaying the talks here.

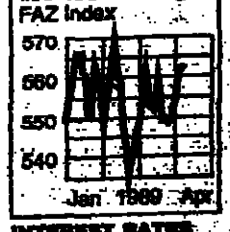
The idea of rebalancing, which would allow the EC to increase supports on cereal substitutes such as soyabeans, was necessary if European farm ministers were to be able to sell a Gatt reform package to their domestic constituencies.

However, the EC was growing isolated yesterday, with both the US and the 13-nation Cairns group of independent farm producers saying they could not accept its rebalancing concept or the aggregate measure of support mechanism for implementing the freeze.

The Cairns Group has been seeking a package involving a firm long-term commitment to farm reform and an immediate freeze of farm support, to be followed by a cutback by a fixed percentage in 1990 as a down payment towards long-term reform.

MARKETS

W. Germany
FAZ Index



STERLING
New York closing
$1.7025 (1.7070)
London:
$1.7000 (1.7050)
DM3.1825 (3.1900)
FFr10.7400 (10.7575)
SFr2.7900 (2.7950)
Y224.00 (223.50)

DOLLAR
New York closing:
DM1.87075 (1.8690)
FFr6.3140 (6.3080)
SFr1.6390 (1.6380)
Y131.575 (130.90)
London:
DM1.8720 (1.8700)
FFr6.3175 (6.3210)
SFr1.6415 (1.6395)
Y131.75 (130.90)

INTEREST RATES
US lunchtime
Federal Funds 9⅞%
3-mth Treasury Bills: yield: 9.125% (9.093)
Long Bond: 98¼ (98⅛)
yield: 9.022% (9.077)
London:
3-month Interbank: close 13⅛% (13¼)

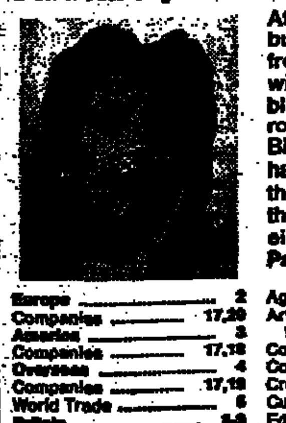
STOCK INDICES
New York closing
Dow Jones Ind. Av. 2,304.80 (+5.60)
S&P Comp 295.29 (+0.92)
London:
FT-SE 100 2,078.2 (-4.6)
World: 144.09 (Tue)
Tokyo
Nikkei Ave 33,300.79 (48.54)
Frankfurt
Commerzbank 1,679.3 (+6.2)

OIL
Brent 15-day (Argus) $19.70 (-0.20) (April)
West Tex Crude $20.255 (-0.10) (May)

GOLD
New York latest Comex June $388.6 (390.9)
London: [illegible]

CONTENTS

The punishing pursuit of Pakistani profits



Attempting to set up business in Pakistan is frequently compared with looking for a black cat in a dark room. Since Benazir Bhutto took office she has made privatisation the watchword, with the emphasis on foreign investment
Page 4

Leningrad party leaders seek to explain defeats at the polls

By John Lloyd in Moscow

LENINGRAD'S Communist party leadership, seeking to pull itself together after many of its senior figures were defeated in elections last month to the new Soviet parliament, has blamed public frustration with poor housing, lack of consumer goods, a deteriorating environment and rising crime *for their humiliation* at the polls.

One of the principal speakers at a plenum of the regional and city parties on Tuesday was Mr Yuri Solovyov, first secretary of the regional party and a candidate member of the Soviet politburo. He failed to be elected, together with Leningrad's mayor and deputy mayor, *the first secretary of* the city party and Mr Solovyov's own deputy.

Yesterday's report of the meeting included no mention of calls for his or other resignations, or of criticism of him – though some influential voices are now calling for that.

A statement issued after the plenum said that it "had assessed in an uncompromising way the performance of party organisations, ideological personnel and mass media bodies which had not always been up to the standards required by perestroika.

In this situation, many party activists proved unable to conduct a keen political discussion." Speakers stressed that relapses into the "administer by command" style of party work were still making themselves felt.

Figures on the results released yesterday by the Central Electoral Commission confirmed that the new parliament will be hugely dominated by the Communist party, whose members make up 87.6 per cent of delegates.

However, many of the remaining 12.4 per cent appear to be staunchly independent souls who have defeated party nominees – while among the party delegates are individuals who ran against favoured party candidates.

The new parliament will also be dominated by men (82.9 per cent) and by white-collar workers – only 18.6 per cent are workers and 11.2 per cent collective farm workers.

Of the 2,250 seats, 292 remain unfilled because no candidate won more than 50 per cent of the vote. These consist of 160 from the territorial constituencies, 114 from the national constituencies and 18 from the various public organisations – everything from the Communist party to the Society of Stamp Collectors – with the right to put up candidates.

In those constituencies where more than two candidates stood and none got 50 per cent, a run-off will be held this Sunday between the top two. In those where one or two candidates stood and no candidate achieved 50 per cent, an election with new candidates will take place on May 14.

The turnout was high by most Western standards: 90 per cent of the 192m electorate voted. The lowest turnout of any republic was in Armenia, 71.9 per cent, followed by the three Baltic republics of Estonia, Latvia and Lithuania, probably reflecting abstentions in areas which have shown most opposition to Moscow.

THIRTY-THREE years after Mr Nikita Khrushchev denounced Stalin as a tyrant, the former Soviet leader's "secret speech" to the 20th Communist Party Congress has finally been published in Moscow, Reuter reports. Soviet television announced yesterday that the speech was in the latest edition of the monthly News of the Central Committee of the Communist Party of the Soviet Union. Publication of the speech by Khrushchev, who died in 1971, seven years after being removed from power in a Kremlin coup, had been widely expected.

Swedish nervousness on EC single market

By Robert Taylor in Stockholm

SWEDISH INDUSTRY is in a mood of uncertainty and apprehension about the impact on its activities of the economic integration of the European Community by the end 1992, the country's most powerful industrialist, Mr Peter Wallenberg, admitted yesterday.

He suggested to a conference on the future of Europe that companies were so concerned about their future trading within the EC that the current trend of increasing Swedish investments and company acquisitions was likely to continue for reasons of self-protection. Companies had no clear idea of the exact shape and form of Sweden's relations with the EC in the 1990s.

Mr Wallenberg also warned that Sweden stood "the clear risk of falling behind in its economic development" if employers did not have access to the EC's internal market "without discrimination."

While admitting that he had "no practical solution" for the troubles of Swedish industry, he did express some scepticism about the possibilities of strengthening the European Free Trade Association as a second pillar in Europe as suggested by Mr Jacques Delors, the European Commission president, in January and acted upon at the recent Efta summit conference in Oslo.

"There is always a risk when you try to pull together countries with clearly different ambitions in the different economic fields, that the rule of the lowest common denominator will apply," he said.

● Volvo, the Swedish carmaker, is making plans to move large parts of its production to the EC if Sweden is discriminated against in future EC rules, AP-DJ reports from Oslo.

"If we, as a Swedish company, lose too much on being treated as outside the EC, Volvo must naturally take the consequences and become an EC company," said Mr Krister Goeransson, the head of Volvo's information office. Volvo car and truck divisions export 36 per cent and 41 per cent respectively of their production to the EC.

Aid blocked for regions hit by shipyard closures

By William Dawkins

EUROPEAN COMMUNITY governments yesterday gave the initial go-ahead to three sets of common standards for health and safety at work.

West Germany, France and the Netherlands blocked a Commission plan, at a meeting of social affairs ministers, to set aside Ecu200m (£130m) over the two years to 1990 to boost jobs in regions hit by shipbuilding closures. The cash would assist small businesses and help attract risk capital.

Spain and Portugal would be the main beneficiaries of such a scheme, blocked by its three opponents on the grounds that shipyard closure areas were already being helped by the EC's social and regional funds.

As expected, member states agreed on common rules for the design of safe offices and factories, the safe use of engineering equipment, and the use of protective clothes. They now go to the European Parliament before returning to ministers for final adoption.

Mrs Vasso Papandreou, the social affairs commissioner, opened a discussion on Brussels' ambitions for a charter of fundamental social rights.

EC seeks earlier common frequency for radio pagers

By David Buchan in Brussels

THE European Commission took its quest for better cross-frontier communication a step further yesterday by asking EC member states to speed up introduction of a system allowing Europeans to "bleep" each other on a single radio frequency.

The Commission wants all EC states to start introducing in January 1992 the European Radio Messaging System (ERMES). Under present arrangements negotiated in CEPT, the European grouping of telecommunications authorities, introduction of ERMES in the 12 EC states will be *staggered between 1991 and 1995*.

A major technical reason for this staggered timetable, says the Commission, is that some EC states are now introducing intermediary "bleeper" systems on 466 MHz on the UHF wave band. The Commission says that on the experience of the UK, which among EC states echoes most to the sound of "bleepers", this UHF channel will be saturated *before 1991*.

Therefore, the Commission argues, all EC states should go straight in three years' time to the ERMES system on a 169.4 - 169.8 MHz frequency, said by CEPT to be adequate for the traffic.

Bonn pulls out envoy to Romania

By Leslie Colitt

WEST GERMANY yesterday recalled its ambassador to Bucharest in its sharpest reaction yet against human rights *violations in Romania*. Earlier this week the Romanian ambassador in London was withdrawn in protest at Britain's alleged "anti-Romanian policy."

The two moves highlight the *growing isolation from the* West of President Nicolae Ceausescu.

The Bonn Foreign Ministry said Dr Klaus Terfloth, the ambassador, was recalled yesterday. He was refused access by the security police *last* Monday to a prominent Romanian dissident.

A session of the West German-Romanian Joint Economic Commission was also postponed by Bonn which is the East European country's most important Western trading partner.

*The measures follow mount*ing criticism of Romania's human rights policies by Western countries. West Germany, however, softpedalled its criticism out of fear for the nearly 200,000 ethnic Germans in Romania.

An average of 14,000 ethnic emigrants are being brought *out each month in* exchange for West German payments.

Dr Terfloth had attempted to deliver a letter from Mr Hans-Dietrich Genscher, the West German Foreign Minister, to Mr Corneliu Manescu, a former Romanian Foreign Minister and ex-president of the UN General Assembly.

Mr Manescu was one of six former senior officials who sent an extraordinary open letter last month to Mr Ceausescu. It accused Mr Ceausescu of violating human rights and wrecking the economy.

The signatories attacked the President's plan to urbanise thousands of villages when he was unable to provide "heat, light, transport, not to speak of food," to city dwellers.

The letter expressed "deep concern" *about* Romania's rapidly deteriorating international reputation and growing isolation. It called on Mr Ceausescu to halt the village razing plan, to restore human rights and stop food exports which were threatening the nation's "biological existence."

Britain protested last January to Romania when its ambassador, Mr Hugh Arbuthnot, was manhandled by the security police as he tried to deliver a letter to a prominent dissident, Mrs Doina Cornea.

The French ambassador was *also recalled last month in* protest against the human rights situation in Romania. In a further step isolating Romania, the EC said recently it was suspending negotiations on a new economic co-operation agreement because of human rights violations.

Now Solidarity's difficulties begin

Christopher Bobinski on an accord that has roused little euphoria

IN CONTRAST with the heady days of August, 1980, when the Solidarity movement burst on to the European political stage, there was little immediate euphoria *last night* as Polish television *announced that the round-ta*ble talks had ended, opening *the way for the* banned union's return.

Mr Lech Walesa admitted at lunch yesterday, at what was probably the union steering *committee's last illegal* meeting: "There may not be happiness. We got what we set out to achieve which was the Solidarity independent union."

The low-key approach shows a fatigue and wariness of investing too much hope in the movement too soon, and suspicion of the compromise reached with the authorities.

It highlights the uncertainties facing Solidarity and, indeed, the country, after the past two months of talks in Warsaw. The talks have restored the union and pro*vided an intriguing political* settlement with elections planned for June, but little else beside.

General Wojciech Jaruzelski (left) and Lech Walesa have **concluded an historic agreement, but it has done little to resolve the uncertainties confronting Poland**

The official OPZZ union, set up in 1982 to replace Solidarity, has also served notice it intends to fight for shopfloor support. At present it claims 7m members, many of whom are likely *to drift away to* Lech Walesa's camp.

Backed by party conservatives, the OPZZ leader, Mr Alfred Miocowicz, who is also in the politburo, refused a last-minute request from the General Wojciech Jaruzelski, the party leader, to accept the 80 per cent indexation formula linking wages to price rises. Solidarity had already settled with the Government at the round-table talks. The OPZZ, by calling for 100 per cent as the conference ended, showed that it intends to bid against Solidarity on wage issues.

Meanwhile, on the political front, the agreement on elections in June immediately embroiled Solidarity in an election campaign which it is not sure it wants to take part in, or will even win. The constitu*tional arrangement soon to* be enshrined in law, sets up a new upper chamber – a 100-seat Senate – which will be elected in Eastern Europe's first entirely free ballot since the late 1940s.

The old Parliament remains in place, though, and here the Communist party, backed by the till *now subservient* official groups, the Peasant and Democratic parties, will have a guaranteed 65 per cent of the 460 seats. The other 35 per cent are up for election, again in a free ballot.

To cap it all, there is to be a President (who will be General Jaruzelski) with responsibility for the army and police as well as foreign affairs, and with powers of veto over parliamentary legislation.

The elections will be fascinating. *It can be assumed that* wherever people recognise the name on the ballot paper as being linked with the party establishment, they will vote against – rather as in the recent Soviet elections. Whom they will vote for is more of a problem.

The opposition is weak in the *provinces*; most of its well-known names are concen*trated in the cities*. Also, the Solidarity leaders have still to decide whether to become involved. Some fear the consequences of being *sucked into* the system, especially in an election which will be partly *rigged at least*. *Others think* they should concentrate on building the union.

In the end, in large parts of the country previously apolitical, local figures, probably with the backing of the clergy, *stand as good a chance* as any of getting into Parliament. Organised political groups independent of Solidarity are still too weak and will have too little time to make much of an impact.

The authorities for their part will be looking for people without much of a political record to stand as official candidates. Whoever is elected, the vote against the authorities can be expected to be high.

This, coupled with an inflation rate which promises to exceed 100 per cent this year, and the uncertainties *flowing* from attempts by the authorities to streamline the economy, could produce a radical tide, pushing Mr Walesa and his advisers to question the uneasy compromise with the authorities.

The signals that workers especially are potentially more *radical than the present* Solidarity leadership are already appearing. A poll carried out by the union's own unit last month among workers in Warsaw, for example, showed 85 per cent calling for fully-free elections and almost one third saying Solidarity should boycott the June elections if the seats were divided up as indeed they have been.

W German jobless total may dip below 2m

By David Goodhart in Bonn

WEST GERMAN unemployment continued to fall in March and is expected to temporarily dip under 2m for the middle six months of the year. *But labour market ana*lysts see a rising trend returning in the early 1990s and little prospect of halting the rise in long-term unemployment which is now at 700,000.

The jobless number fell by *126,000 in March to 2.178m*, down *to* 8.4 per cent of the workforce from 8.9 per cent in February. In March last year 9.6 per cent of the workforce was unemployed.

The *downward* trend was welcomed by the Government *as evidence of the success of* its economic and social policies and it said 1.2m new jobs had been created since 1983.

Experts at the employers' association, the BDA, said nobody is quite sure why the numbers are now *starting to* sink but that it is probably a combination of the strength of the economy, fewer women seeking work, and a statistical reform which cuts out several thousand people considered to be no longer seeking work.

The Federal Employment Office in Nuremberg and the BDA however are more pessimistic about medium-term developments, and officials in Nuremberg do not expect the yearly average figure for the unemployed *to fall* below 2m before the next century.

The trend will start rising again, perhaps as early as next year, partly because of job cuts in the automobile industry and partly because the recent influx of Aussiedler - Germans *from East Bloc countries - will* start to show up in the figures. Currently only 40,000 Aussiedler are registered as unemployed but that does not include the recent arrivals (200,000 last year and 300,000 expected this year) who have not yet started to look for work.

Italian civil servants strike over delayed pay talks

By John Wyles in Rome

ITALIAN GOVERNMENT offices were heavily depopulated yesterday by a national strike marking the opening of hostilities between ministers and the trade unions over civil service pay rises.

Thousands of strikers marched through Rome in pro*test at a late start to pay nego*tiations and at the Government's insistence that pay increases must be limited in real terms to 1 per cent.

The last civil service pay agreement expired eight *months ago, but the Govern*ment puts most of the blame *for the delay on union tardi*ness in lodging pay demands.

The civil servants are feeling particularly unloved not only because of the Government's attempt to impose a pay policy of sorts, but also because of *recent investigations into* absenteeism.

*Aware of scant public sym*pathy for their cause, speeches at yesterday's rallies in Rome and other cities linked complaints about the Government's management of the civil service to its much more *broadly* unpopular raising of health service charges.

Swede to be charged with murder of Palme

By Sara Webb in Stockholm

A 42-YEAR-OLD Swede is to be charged with the murder of Mr Olof Palme, the former Prime Minister who was shot dead on a Stockholm street three years ago and whose murder hunt has been dogged by one fiasco after another.

Prosecutors said they will file formal charges against Mr *Carl-Gustav Christer* Pettersson probably in the next few weeks. They say they have strong circumstantial evidence against him, although they have taken several months to prepare their case.

Several witnesses claim to have seen Mr Pettersson in the area on the night of the murder, and Mrs Lisbet Palme, the Prime Minister's widow, later identified Mr Pettersson from a video line-up.

Mr Pettersson has been held in solitary confinement at a detention centre since last December. He denies murdering the Prime Minister and says he spent the night in a nearby gambling den.

Serbs urged to settle in Kosovo

By Judy Dempsey in Vienna

THE BELGRADE authorities are *offering* incentives to Serbs to settle in Kosovo, in a desperate attempt to redress the ethnic balance in Yugoslavia's southern province.

Serbs from the Serbian republic are being offered housing, high wages and other benefits if they move to the province, which last week was engulfed in fierce battles between the police and the ethnic Albanian majority.

The violence, which has already claimed the lives of 24 people, was provoked following changes to the constitution of *Serbia which now gives the* republic greater control over the running of Kosovo.

Thousands of Serbs, Montenegrins and even ethnic Albanians have left the province over the past few years, largely for economic reasons.

As a result, the migration of the minorities has nearly *turned the province into a* homogeneous region. The ethnic Albanians, the majority of whom are Moslem, now make up 90 per cent of the population. Efforts at what is termed "recolonising" Kosovo by the Serbs, many of whom were not allowed to return to the region after the Second World War, are thought *to* be slim, given the high level of unemployment and deep resentment from among the ethnic Albanians with the way in which Mr Slobodan Milosevic, Serbia's powerful party leader, has run rough-shod over their constitutional rights.

French military links with Moscow resume

France has resumed military contacts with the Soviet Union, Mr Jean-Pierre Chevenement, the country's Defence Minister, said yesterday, Reuter reports. But he said that differences had punctuated his talks with Soviet officials. He told a news conference that Soviet and French officials had drawn up an agreement during his five-day visit on exchanging visits of officers, ships, military journalists and medical personnel. Modest military contacts were halted in 1980 as part of the West's condemnation of the *Soviet invasion of Afghanistan*.

Greek left wing issues manifesto

The newly-founded Greek Left Coalition yesterday announced a 30-page manifesto, stressing the new image with which it intends to launch its pre-election campaign, AP reports from Athens. The coalition said it seeks to avoid the harsh language of previous communist party programmes while moulding a more "realistic" outlook on life.

Founded in January, the coalition links the Moscow-oriented Greek Communist Party (KKE) and the Eurocommunist Greek Left (EAR).

America's strategist wizards fall under East European spell

US foreign policy experts' inclination to poke their noses into the Soviet Union's backyard may be counter-productive

MIKHAIL GORBACHEV is the living contradiction of the old adage that No News Is Good News. Scarcely a week passes without him hitting the headlines with some surprising and encouraging innovation.

The trouble is that Gorbachev is a Russian, and Western foreign policy makers and commentators are not entirely sure that they like him getting such enthusiastic coverage. If it comes to that, Western strategists are not really keen on *any* good news: it puts them out of business. American strategists in particular earn their livelihood drawing up vigorous plans for the US to save the world from disaster. The pessimistic axioms of the strategists then feed on the activist assumptions of the policy-makers, and *hey presto*, we get an invasion of Grenada.

Yet the uninterrupted flow of encouraging news from the East has now lasted four years, and it might be expected to have dented this perverse combination of pessimism and activism; but no. Since professional strategists do not wish to be under-employed, they invariably find ways of demonstrating that the silver lining we see is really only part of an enormous cloud.

The best example of this kind of inversion, currently favoured by strategists, is Eastern Europe: the helter-skelter process of liberalisation may look encouraging, but really *it is* unstable and therefore potentially dangerous, so we need to do something.

I heard several versions of this at a multinational conference in Brussels last week-end. Edward Luttwak, heavyweight among US strategic hawks: "The Soviet threat has largely declined; but the danger is the highest it has been for decades, because the Soviet Union is disturbed and could be unstable." Or Zbigniew Brzezinski, one-time National Security Adviser to President Carter: "*The patterns of change* in Eastern Europe will likely be potentially quite violent...The catastrophic economic situation in East Europe could precipitate in some cases – and quite soon at that – revolutionary upheavals."

At one level, this kind of skeleton-rattling is harmless entertainment, even though it is wholly unbalanced. *Of course the situation in Eastern* Europe is unstable: that is not merely the inescapable consequence, it is the meaning and essence of perestroika. Therefore, of course the range of possible futures includes situations which could become dangerous. But they are not the only possible futures, nor necessarily the most probable.

What is *not harmless entertain*ment, however, is the broad policy recommendation now being trotted out by a growing number of these American strategy wizards: that the US must start talking with the Soviet Union to negotiate a new East-West regime to ensure that the *instability of Eastern Europe does not* pose a threat to world peace.

Dr Henry Kissinger, ever creative in responding to the twin imperatives of pessimism and activism, seems to have started the fashion, which has now become a stampede. As a contribution to the foreign policy review of the new Bush Administration, Dr Kissinger appears to have

IAN DAVIDSON
ON EUROPE

suggested a new political deal, whereby the Soviet Union would loosen its grip on Eastern Europe, and the West would undertake not to exploit the situation to threaten Soviet security.

The full details of the Kissinger plan have not been published; but his presentation evidently impressed James Baker, US Secretary of State. He told the New York Times ten days ago that the proposal was worthy of consideration because it had elements of "great appeal".

Dr Brzezinski has a remarkably similar plan for containing the dangers he sees in Eastern Europe's potentially unstable situation, and *he laid it out in* a speech to the conference as follows.

The West must define the conditions which it regards as essential for an end to the Cold War, and *must develop a broad policy frame*work to bring it about. As for the conditions, the Cold War would be over when the Berlin Wall was firmly scheduled for dismantling, and when some (even if not immediately all) Eastern European states *firmly scheduled free elections*. The policy framework must include a comprehensive programme of staged economic and technological assistance from the West, and a new security deal.

It is this new security deal that *calls for direct quotation*: "*Our pro*claimed goal for European security ought to be the transformation of the Warsaw Pact from an ideological to a purely geo-political alliance, designed to maintain the status quo in Europe...What is needed is an over-arching framework of security based on the two alliances, within which peaceful political and economic change can be accommodated...

"Perhaps at some point the Brezhnev doctrine could yield to a joint East-West statement, formally affirming the role of the two alliances in the maintenance of European stability, and explicitly excluding the use of either alliance for the imposition of any particular ideological orthodoxy on its members."

More modest versions of the urge To Do Something About Eastern Europe are spreading like a virus to every corner of the foreign policy establishment. Take Manfred Wörner, *Secretary General of Nato, at* last weekend's Brussels conference: "And, of course, we have to discuss the future of Eastern Europe with the Soviet Union..." Or former President Richard Nixon, in the latest issue of Foreign Affairs: "*The US should put Eastern Europe on the* US-Soviet agenda." But in both cases the infection is mild and probably short-lived.

The Kissinger-Brzezinski version of the bug, by contrast, is virulent and dangerous. The US cannot negotiate a new geo-political arrangement with Moscow which will stabilise Eastern Europe, and it should not try. Washington cannot guarantee that West Germany will remain in Nato, and any attempt to do so would only stimulate the Germans to make for the nearest exit. Conversely, no US-Soviet deal could insure against a dangerous explosion in Eastern Europe, let alone guarantee that the Russians would not, in the last resort, use military force to repress it.

Insofar as we need an East-West agreement on the geopolitical framework of Europe, East and West, it already exists; it is called the Helsinki Act. If a dangerous explosion were to erupt in Eastern Europe, it would be the result of serious errors by the Russians and the East Europeans; but that is not something we can legislate against. Above all, it would be politically catastrophic for the US to do or say anything which appeared to endorse the legitimacy of the Warsaw Pact under Russian hegemony. They created the problem, let them solve it.

As a matter of fact, a re-run of Hungary's 1956 rebellion against the Warsaw Pact is *rather unlikely*. Gorbachev's headlong pursuit of detente and disarmament reduces the sense of East-West military conflict, and thus the yoke of the Warsaw Pact; moreover, Gorbachev has given the Hungarians *carte blanche* to do virtually anything they want *provided* they do not leave the Warsaw Pact. Does Dr Brzezinski think that the Hungarians *want* to be re-invaded?

Of course we should talk to the Russians, on any and every subject. But there is no geo-strategic deal to be cut on Eastern Europe, and we should not try. The paradox is that our most powerful influence on the evolution of Eastern Europe is exerted by Western Europe, existentially, just by being there and expressing its values. The Western system suffers from many defects, political, economic, social, cultural; but in every respect it provides the benchmark which measures the depth of the Soviet failure. And the standard they will use is the benchmark of Western Europe, not that of the United States.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd. Østergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

AMERICAN NEWS

US concern over Libyan advanced fighter deal

By Lionel Barber in Washington

THE Soviet Union has sold Libya advanced fighter-bomber jets which give Colonel Muammer Gadaffi's government far greater capability to strike long-range targets in the Middle East, including Israel, US officials said yesterday.

The Soviet sale of between 12 and 15 Sukhoi-24D fighters to Libya raises questions about Moscow's willingness to play a constructive role in the Middle East and other sensitive regions, the officials said.

The Soviet arms sale was first reported in the New York Times yesterday and came as Mr Mikhail Gorbachev, the Soviet leader, was due to arrive in London for talks with Mrs Margaret Thatcher, the British Prime Minister. The timing of the official US disclosure appeared calculated to cast a shadow over the meeting, diplomats in Washington said.

The US and UK share the view that Col Gadaffi's government sponsors international terrorism. In April 1986 Mrs Thatcher approved the use of UK-based US F-111 bombers to strike at Tripoli in retaliation for the alleged Libyan role in terrorist incidents in Europe.

The Soviet deal involves the sale of up to 15 SU-24 bombers which have an unrefuelled flight radius of more than 800 miles. The Soviet Union has also agreed to refit a Libyan transport aircraft so it can be used as an aerial refuelling aircraft and they have offered to train Libyan pilots.

US intelligence, using eavesdropping and satellite photography, picked up the delivery of six SU-24s from Novoshirsk in Siberia to the Umm Aitqah airfield in Libya aboard an Antonov-22, the New York Times reported.

The Bush administration has voiced concern about the arms race in the Middle East. Mr James Baker, US Secretary of State, is expected to raise the Soviet bomber sale when he meets Mr Eduard Shevardnadze, the Soviet Foreign Minister, next month in Moscow.

The US disclosure also coincided with the arrival in Washington of Mr Yitzhak Shamir, the Israeli Prime Minister. Yesterday US officials stressed the threat to Israel posed by the SU-24s, which are more advanced than Libya's Mirage fighter bombers and Soviet-made TU-22s. The move is likely to be appreciated by Mr Shamir who is under pressure to produce "new ideas" on restarting the Middle East peace process.

Easy win for Daley in Chicago

MR Richard M. Daley – eldest son of the Democratic Boss who ruled Chicago for 21 years – was elected mayor of Chicago in a landslide victory which broke six years of black control of City Hall, writes Lionel Barber.

Mr Daley, pictured right with his wife Maggie, beat Mr Tim Evans, his chief rival and a black Alderman, by a margin of almost 15 per cent. Mr Eddie "Fast Eddie" Vrdolyak, the Republican nominee, won only 4 per cent of the vote.

The Daley victory means Chicago – the third largest US city and a Mid-West stronghold – remains under Democratic party control.

The Republican party suffered a further setback in Alabama when their candidate Mr John Rice was trounced by a Democrat, Mr Glen Browder, in the race to fill a vacant Congressional seat.

Air Jamaica fined after drug find

By Peter Riddell, US Editor in Washington

THE US Customs Service has ordered Air Jamaica to pay a fine of up to $28.8m after finding nearly two tons of marijuana on a shipment carried by one of its aircraft.

Customs inspectors found the marijuana in a shipment of clothing after an Air Jamaica Airbus A-300 landed on Saturday at Miami on a flight from Montego Bay. The aircraft has been impounded until the airline provides letters of credit pledging to pay the required penalties. A Customs official said he was surprised Air Jamaica had not discovered the drug because of the odour given off by such a large shipment.

The US Customs Service and Mr William Von Raab, its commissioner, have recently been publicising their efforts to pursue drug smugglers as part of their case for increased funding.

A US Customs official said yesterday that the seizure reflected the service's view that "Air Jamaica did not exercise the highest degree of care or diligence in preventing the use of its aircraft in the conveyance of illegal drugs".

The fine is one of the largest imposed on an airline. While in the past such fines have been reduced in negotiations with the US Customs, an official said yesterday that "because of the number of times we've found drugs on Air Jamaica planes we're determined to get a fair piece of that money". Since 1980 customs inspectors have made 130 marijuana seizures on Air Jamaica aircraft.

The US Customs operates a fixed penalty scale on drugs found on airlines of $500 per ounce of marijuana and $1,000 per ounce of cocaine.

Peronists gain a liberal economist

Gary Mead on the Argentine with his sights set on a ministry

HISTORY adores repeating itself in Argentina, and this week it has turned the handle once more following the resignation of the Mr Juan Sourrouille, the economy minister, and the most senior members of President Raul Alfonsin's economic team.

Argentina has a crop of highly talented economists capable of taking Mr Sourrouille's place. One of the most respected is Mr Domingo Felipe Cavallo, but he would probably come lower on Mr Alfonsin's list of candidates than the most junior messenger boy at the Economic Ministry.

Such an oversight is, on the surface, surprising. Mr Cavallo has good relations with international financial institutions such as the World Bank. He is also a former president of Argentina's central bank, and holds a doctorate from Harvard and his native Cordoba University.

But President Alfonsin's followers loathe Mr Cavallo, and have demonstrated that sentiment by a campaign of public sniping verging on the abusive.

Mr Cavallo has done the unthinkable and put his free market philosophy and liberalising ideas at the service of the opposition Peronist party. They make an odd couple. At 43 and currently a national deputy in the Argentine Congress, Mr Cavallo is as far removed from the 1970s' image of authoritarian Peronism as anyone might imagine.

The Peronist presidential candidate is Syrian-descended Mr Carlos Saul Menem. His image abroad is little better than a mullah in mufti. At home he frightens the upper class, whose rich life-style is a traditional target of Peronism.

Although Mr Menem has yet to nominate prospective ministerial candidates, Mr Cavallo leads the field to become the new Peronist Economy Minister, if Mr Menem wins the May 14 presidential election.

Mr Cavallo wins not just because he has an image comforting to middle and upper class Argentines. It seems possible, at long last, that Peronism might be prepared to put Argentina's economic house in order, if it forms the next government.

Mr Cavallo retains a degree of independence – and, importantly for Peronism, credibility – since he sits in Congress as an independent deputy, although on the Peronist benches. But why has he joined hands with a party far removed with the liberal idealism he learnt at Harvard?

His reasoning is pragmatic: "Any future government is going to have to discipline itself to restrictions imposed by today's reality. No future government is going to be able to finance enormous fiscal deficits as in the past. It is also imperative to free the private sector to facilitate economic growth."

Mr Cavallo is committed to a policies which would encourage banks to reinvest interest payments paid on the external debt in Argentina.

"We don't want to compulsorily cease debt interest payments, nor are we in a position to do that. But we shall try to persuade creditors to accept our point of view. It seems absurd to us to expect countries to recreate their solvency while at the same time paying a foreign debt. In the last five years Argentina has had to remit $12bn, which has been invested outside the country."

Mr Cavallo is not a traditional Peronist when it comes to state-run industries. Argentina's unwieldy and inefficient public sector is a legacy of Peron's first term of power. According to Cavallo a Menem government will, he hopes "talk much less" than the Radicals and "do a great deal more" when it comes to privatisation and deregulation.

He recognises that the necessity of clearing the dead wood from Argentina's public sector may entail unemployment.

There are many squalls on the horizon before either Mr Menem wins, or takes office in December, or appoints his cabinet. But if fate smiles on Peronism and Mr Cavallo, what will he say to Mr Menem on May 15?

"If Carlos Menem wins on May 14 my advice will be to immediately start preparing a complete and accurate budget for 1990, which is then discussed in Congress. Perhaps people will be surprised to learn that habitually in Argentina there are no budgets passed in a completely realistic time and form.

"We have an economy which, having exaggerated control over the private sector has achieved that sector's setback."

Domingo Felipe Cavallo

Haitian leader faces new army challenge

THREE days after a coup was narrowly averted, Haiti was yesterday again in turmoil after soldiers from the Dessalines Battalion called on General Prosper Avril to resign as President, Reuter reports from Port-au-Prince.

This followed an apparent coup attempt during the night by the Dessalines, according to sources close to the army.

Schools and shops in the capital Port-au-Prince closed after the soldiers' message was broadcast on independent Radio Métropole. Four tanks belonging to the Presidential Guard were wheeled into position in front of the palace after the radio statement, eyewitnesses said.

The Dessalines Battalion has until recently been considered the top military unit in Haiti but diplomats said that under Gen Avril the Presidential Guard has been given extra privileges such as higher pay.

Last Sunday, Gen Avril foiled a coup attempt by members of the Leopards Battalion. The three leaders were expelled to the Dominican Republic on Monday.

Bush unveils measures to improve school standards

By Peter Riddell

PRESIDENT Bush yesterday sought to implement his campaign pledge of being the "education President" with proposals to improve standards, particularly for children of poor parents and in inner cities.

The package, outlined by Mr Bush at a White House ceremony, will cost $422m a year. However, it will not be additional to existing programmes but largely financed by cuts.

Critics, including teachers' *unions and educational lobbyists*, have argued that the planned spending on education is less than envisaged by the Reagan administration. But, in practice, the bulk of public spending on education is at a state and local level rather than federal, and the main impact of Washington programmes is to highlight best practice and assist with severe problems.

The Bush proposals increase funding for "magnet" schools of excellence, reward first-rate teachers and good schools, provide urban emergency grants to fight drugs, establish a national science scholars' programme and increase federal matching grants for the endowments of black colleges. Merit grants for the best US schools *will amount to $250m.*

President Bush said that the proposals being sent to Congress would make "excellence in education not just a rallying cry but a classroom reality". Alternative, and more expensive, proposals have been put forward in Congress.

Pugliese acts to calm Argentine markets

By Gary Mead in Buenos Aires

ARGENTINA'S new economic team yesterday devalued the austral by 21 per cent, introducing an officially fixed rate of 20 australs to the US dollar. Previously the official rate for the austral was 15.8.

When trading opened yesterday after a two-day official bank holiday, the free rate settled at 43 australs.

After four days of deliberation Mr Juan Pugliese, who last Friday replaced Mr Juan Sourrouille as Economy Minister, confirmed speculation of a sizeable devaluation and exchange rate adjustments.

With a presidential election scheduled for May 14, much weighs on the outcome of Mr Pugliese's new measures. He said he hoped to calm financial anxiety but added: "I cannot offer miracles." He said that "our objective is to achieve a peaceful transfer of government on December 10."

Mr Pugliese, the third Economy Minister of President Raúl Alfonsín's government, has eliminated one of Argentina's exchange rates, the "special" rate introduced on February 6. The officially set rate (commencing at 20 australs to the US dollar) will be adjusted daily, according to government policy. The free-floating unofficial exchange rate, used by many Argentines as an indicator of cost of living increases, will continue.

But exporters and importers will be able to operate using both currency markets, transacting 50 per cent of their business via each of the two exchange rates. This alteration implies a mixed devaluation which, on yesterday's rate for the free-floating austral, gives an effective devaluatien for agricultural exporters of almost 40 per cent and for importers of all goods one of almost 60 per cent.

There had been speculation that Mr Pugliese would also announce a big salary increase for public sector workers but he denied any such plan. Mr Enrique Garcia Vazquez, new president of the central bank, said that as civil servants had received an average 32.5 per cent increase during the first quarter of 1989 and because inflation for March is expected to be 16 per cent, that implied a wage-lag of only 3.5 per cent in real terms.

World Bank to make early start on US debt plan

By Peter Norman, Economics Correspondent

WORLD BANK WASHINGTON 1989

THE World Bank and the International Monetary Fund hope for action on the US-inspired debt reduction plan "within weeks", Mr Barber Conable, the World Bank president said. After a meeting of the joint IMF-World Bank development committee, Mr Conable said the Fund and the Bank had a mandate to implement the plan.

Although some countries expressed reservations about the proposals for voluntary debt and debt service reduction supported by the IMF and World Bank, the mandate of the two Washington-based bodies was clear, said Mr Conable. *A IMF-World* Bank task force would meet this week to start working out details of the plan.

Mr Conable said the two bodies could provide limited interest support for transactions involving debt or debt service reduction without a further meeting of member countries' finance ministers.

Meetings on Tuesday of the IMF's policy making interim committee and the development committee agreed that this controversial part of the debt proposals put forward by Mr Nicholas Brady, the US Treasury Secretary, should be examined rather than implemented straight away. This decision reflected reservations by some countries such as Britain and the Netherlands that interest support could lead to a transfer of risks from private sector creditors to taxpayers in the West.

However, Mr Conable said that approval by the boards of the IMF and World Bank would be sufficient to give the go-ahead to interest support. That means IMF- and World Bank-supported economic reform programmes incorporating the idea could be implemented before the next meetings of the two organisations in September.

Mr Conable said that interest support provided by the World Bank could take the form of guarantees. This would not apply to interest support from the IMF, which is barred from issuing guarantees.

The determination to press ahead quickly with debt reduction was reflected in the development committee communiqué issued on Tuesday evening after the spring meetings of the IMF and World Bank had ended. The communiqué said the World Bank and the Fund "should move expeditiously to develop and implement specific proposals to achieve" the objective of debt reduction.

The word "implement" was a late insertion into the text and followed discussions over lunch that day in which Mr Michel Camdessus, the IMF managing director, had argued strongly against suggestions that the detailed work on the Brady proposals should be subject to ministerial review in September.

As a result, it is possible that the debt reduction plans could be finalised and operable by the time of the next world economic summit in July. Several debtor nations, including Mexico and Costa Rica, are anxious to *benefit speedily* from the idea. France's President François Mitterrand also plans to put the debt issue high up the summit agenda.

As the spring meetings drew to a close, support for the idea of officially backed debt reduction gathered pace remarkably.

In part, this may have reflected the early departure on Monday from the meetings of sceptics like Mr Nigel Lawson, the British Chancellor.

Bankers balk at call for debt clause waivers

Stephen Fidler reports on doubts over relaxing legal constraints

AN important element of US proposals to accelerate the voluntary reduction of debt burdens in developing countries is the call for commercial banks to agree to waive legal obstacles in debt agreements.

As Mr Nicholas Brady, the US Treasury Secretary, told the Interim Committee of the IMF this week: "Legal constraints in existing bank loan agreements need to be relaxed. In particular, the negotiation of a general waiver of sharing or negative pledge clauses for each performing debtor would be important. "Such waivers might have a life of three years, to stimulate debt or debt service reduction within a relatively short timeframe."

Some bankers have questioned whether, as a practical matter, such clauses could or should be waived. According to US legal experts, to take Mr Brady literally, "a general waiver" of some of these restrictive clauses would be neither practical nor desirable. This would not necessarily stand in the way of debt reduction, however.

The four restrictions which obstruct accelerated debt reduction – sharing, negative pledge, pari passu and mandatory prepayment clauses – have been incorporated into most loan agreements with sovereign debtors since the early 1980s.

They are designed essentially to assure equality of treatment among creditors. Some lawyers credit to their existence the limited cohesion seen so far in the attitude of banks towards problem debtors. Not all banks have contributed to new loans, but they have not stood in the way of rescheduling and the clauses have meant that it has not been worthwhile for banks to seek legal action to seize the assets of debtors in default.

Pari passu and negative pledge clauses aim to ensure equality of treatment of the loans under agreement with all other loans to the borrower, giving equal right of payment and right to collateral. They ensure a prior right to security cannot be given to one creditor in preference to another.

Mandatory prepayment clauses cover equality of treatment of all creditors in the event of repayment prior to maturity.

Specific to each agreement but perhaps the most problematic are the so-called sharing clauses that ensure equality of treatment of all lenders in a particular agreement. These clauses were toughened at the beginning of the decade after Iran had continued to pay other creditors but not the US banks, and after Argentina had excluded British banks from interest payments being made to others at the time of the Falklands war.

Lawyers say reducing debt and service burdens through bonds-for-debt exchanges would be permitted under most loan agreements provided the replacement securities are offered equally to all lenders. Waivers may be required to allot reserves to buy collateral, but that should be achievable through the positive vote of 66 per cent of lenders.

Cash buy-backs of old loans could present more problems, since they require the lifting of the sharing clauses.

Chile achieved a specific waiver of the sharing clauses to buy back its debt using windfall earnings from copper exports. Again, it was specified that all lenders were given equal access to the buy-back. However, the amounts of the buy-backs were circumscribed and Chile's relations with its creditor banks have been better than most.

However, a general lifting of the sharing provisions would allow each creditor to cut his own deal with the debtor and to pursue legal action without reference to others.

There is nothing to stop creditors attempting to attach assets through the courts, but the sharing clauses imply that they would have to share those benefits with all other creditors. It would thus rarely be worthwhile unless sharing clauses were limited. Lifting sharing provisions would also enable discrimination against "free rider" banks, although US officials say this is not the intention of their proposals.

This does mean, however, that unless the waiver of the sharing clauses was specific to certain operations, free riders would probably vote against the waiver – because they would fear not being paid. Even one free rider could veto such a deal.

Such waivers would presumably have therefore, to describe the intention and limitations of the operation they are intended to facilitate. In that case, the most *rational action* by a free rider might be to vote for the waivers, and then not participate in the buy-back, in the hope that it would enhance the credit quality of his remaining loans.

Australia central bank doubts

By Chris Sherwell in Sydney

THE independence of the Reserve Bank of Australia has been thrown under scrutiny by political controversy over the appointment of a new governor and pointed criticism of the government's recent handling of monetary policy.

Mr Bob Johnston, the present Governor, is due to retire in July when he *turns 65*, and the federal government is contemplating the appointment of Mr Bernie Fraser, 48-year-old Secretary of the Treasury, who has worked closely with Treasurer Mr Paul Keating since 1984.

However, the opposition Liberal party says the post should be filled by someone from within the central bank or the private sector to preserve the bank as a source of independent economic advice.

The government has yet to decide on the appointment, but Mr Keating has repeatedly condemned the opposition for implying that Mr Fraser was unsuitable, *acclaimed the relationship* he has enjoyed with Mr Johnston, and reminded people that final power over monetary policy rests with him.

As if this publicity was not enough, the bank has also become a target in connection with the government's progressive and seemingly relentless tightening of monetary policy in order to blunt a *powerful surge in domestic demand.*

In an article to be published next week in Policy, a magazine of the Sydney-based Centre for Independent Studies, a conservative think-tank, Mr Peter Jonson, a former head of research at the bank, argues that the experience of the past year shows that it needs a more independent role in policy debate.

Mr Jonson, now with brokers James Capel, attacks the failure of the bank to inform market participants regularly of decisions which changed the setting of monetary policy. He suggests this has undermined the desired climate of restraint and hints strongly at differences between the Bank and Mr Keating.

With the current account deficit at "crisis proportions" and projections for Australia's A$95m (£46.6m) net external debt "more than a bit alarming," he says: "One has to ask whether the Reserve Bank now has a clear duty to put its *views on the record* – *having* apparently failed, privately, to persuade the government that it needs to do more than marginally alter its strategy."

Israel frees 474 Palestinians

By Hugh Carnegy in Jerusalem

ISRAEL yesterday released 474 Palestinians detained during the 16-month-old uprising in the occupied West Bank and Gaza Strip in a move which coincided neatly with the arrival in Washington of Mr Yitzhak Shamir, the Prime Minister, for talks with President George Bush.

The US has been pressing Israel to take measures to reduce tension in the occupied territories and to come up with proposals for a peace settlement in the area.

Israeli officials insisted that yesterday's releases – from among nearly 10,000 Palestinians detained or convicted before and since the beginning of the intifada (uprising) – were not connected to Mr Shamir's Washington visit. They said it reflected lessening violence and was a goodwill gesture made before the start of the Moslem fasting month of Ramadan at the end of this week.

But the unusually large number of prisoners released and the carefully-arranged presence of camera crews and reporters to greet many of the prisoners, some in their early teens, in both the West Bank and Gaza, indicated that the timing was not just a coincidence.

As well as the releases, the military authorities are allowing some activists barred from the West Bank and Gaza to return to their families.

They have lifted some curfews and re-opened some houses and alley-ways sealed by the army.

Of those released, 250 came from the West Bank. More than 100 were brought from Ketziot prison, in the Negev desert, to a school in Beit Jalla, adjoining Bethlehem, where they were given cold drinks, fresh fruit and a lecture in Arabic by an Israeli colonel. He told them the local population was paying a high price for the intifada. "It is time everyone understood that violence and terror will lead nowhere," he said.

The detainees, looking somewhat confused by their surprise release, were then turned over to reporters for interviews before being taken home.

Nabil, 19, said: "The intifada will only end when there is a Palestinian state." His words reflected the response of Palestinian leaders who said yesterday's measures would not dampen the uprising, in which more than 400 Palestinians and 17 Israelis have died.

Fresh calls for China democracy

By Our Foreign Staff

PRESSURE for democratic change from Chinese intellectuals continued yesterday when Li Shuxian, a distinguished physicist and *the wife* of Peking's leading dissident, Fang Lizhi, called on Peking University students to voice their ideas. She declared that for her democracy was a fundamental principle.

While the crowd was mostly silent, one young man spoke up. "I feel a kind of formless pressure that keeps me from speaking out," he said. "We all do. We want to speak out but we are afraid."

Next month sees the 70th anniversary of the May 4 Movement, an anti-government campaign led by students in 1919 calling for democracy. A build-up of pro-democratic ferment is expected over the next few weeks as the leadership nervously prepares to mark what could be an embarrassing occasion.

A wall-poster appeared on Monday urging the university to *"protect our rights of freedom* of speech and association," but by Tuesday it had been taken down. A spokesman said the university would take measures to stop "unhealthy" activities.

A Xinhua News Agency report said many legal experts believed the charge of counter-revolutionary crime, frequently used in the past, should be changed to "crime jeopardising state security." It would be harder to apply this definition to dissidents.

Intellectuals have petitioned the government several times in recent months to give amnesty to political prisoners, notably Wei Jing shen, the leading "democracy wall" activist of 1978, serving a 15-year jail sentence.

Beirut death toll still rising

By Victor Mallet, Middle East Correspondent

SYRIAN and Christian forces continued their artillery duels in the Lebanese capital Beirut *yesterday, increasing the death* toll in the latest outbreak of fighting to more than 130 and prompting appeals for calm from France, Switzerland, the Arab League and the International Committee of the Red Cross.

Tens of thousands of civilians have fled Beirut for the safety of Cyprus or southern Lebanon, no longer able to endure what are said to be the worst *bombardments across* the Moslem-Christian divide in 15 years of civil war.

Mr Roland Dumas, the French Foreign Minister, yesterday alluded to Syrian and Israeli intervention in Lebanon and called for the withdrawal of all non-Lebanese troops from the country. He also said France was sending two ships with food and medical supplies to Lebanon.

Around the world, Lebanese *emigré supporters of General* Michel Aoun, the Christian leader, are attempting to muster international support for his apparently futile efforts to rid Lebanon of some 30,000 Syrian troops, who support a rival Moslem administration.

In France, the former colonial power, about 1,000 politicians and entertainers applied for Lebanese nationality this week in a symbolic gesture of *support for Lebanese independence.*

President François Mitterrand has spoken in anguished tones of "an entire population which may be destroyed by violence in the days, weeks or months to come."

Mr Jean-François Deniau, a former foreign minister who is vice-president of the French National Assembly's foreign affairs committee, arrived by boat from Cyprus for talks *with Lebanese leaders yesterday.*

The Swiss government yesterday offered to organise peace talks between Lebanese factions, as it has done in the past, and the ICRC appealed for the third time in as many weeks for a stop to the fighting and an end to the sufferings of civilians.

In Damascus Sheikh Sabah al-Ahmed al-Sabah, the Kuwaiti Foreign Minister and head of an Arab League committee on Lebanon, and Mr Chedli Klibi, the League's Secretary General, pursued their attempts to arrange a Lebanese ceasefire.

They met 15 Moslem and left-wing Lebanese leaders and Mr Abdul-Halim Khaddam, the Syrian Vice-President.

Nepalese attack India over 'bullying'

By K.K. Sharma in New Delhi

NEPALI diplomats yesterday accused the Indian Government of resorting to "bullying tactics" and imposing economic sanctions against their country as petrol rationing seriously disrupted life in the landlocked Himalayan kingdom.

India has cut its supplies since March 21, when it terminated its agreement with Nepal on refining crude at a nominal cost. At the same time it refused to extend the expired Indo-Nepal Treaty on Trade and Transit.

Both countries have stiffened their attitudes and Nepalis are being asked to tighten their belts. The tough Indian attitude towards Nepal, with which a treaty of peace and friendship was signed in 1950, arises out of Nepal's attempts to establish *closer* relations with China, the only other country with which it has a border.

The Indians have been particularly angered at Nepal's decision to buy anti-aircraft weapons from China, since they feel these can be used only against them. Nepal first sought such weapons from India, which has traditionally equipped the Royal Nepal Army, on the grounds that these were needed for anti-terrorist measures.

India links the weapons issue with other decisions by the Nepal government to improve its economic and political relations with China. One of the main reasons for the Indian refusal to extend the trade and transit treaty was Nepal's decision to give preferential treatment to Chinese imports by a partial waiver of customs duties. This treatment had been promised to India.

The 10-year-old trade treaty was not renewed last month and Nepali diplomats allege that India launched a propaganda campaign aimed at creating panic inside the kingdom and misinforming Indian public opinion by saying that Nepal made no effort to have the pact renewed.

The diplomats say that, after prolonged negotiations, a draft was initialled last year but was never formally signed. India then announced it wanted another common treaty on trade and transit, they claim.

African economies in decline, says UN

By Julian Ozanne in Nairobi

AFRICA'S economies are continuing to deteriorate, according to a report published today by the United Nations Economic Commission for Africa.

The report, which will be seen as challenging the findings of an optimistic World Bank report on the continent published recently, is published on the day African finance and economic planning ministers begin a five day meeting in Addis Ababa to consider a home-grown alternative policy called the African Alternative for the Structural Adjustment Programme.

The ECA report says Africa's economic restructuring has been severely limited by external constraints and the problems of debt, deteriorating terms of trade and dwindling capital resource flows. And it criticises the impact of structural adjustment programmes on the poor.

The report states that between 1986 and 1988 "the deterioration in the overall economic situation in Africa continued unabated. GDP rose by only 1 per cent in 1986 and by a mere 0.7 per cent in 1987. Worse still, per capita income fell by 2.0 per cent and 2.2 per cent in those years respectively."

The gloomy ECA report comes less than a month after publication of a joint World Bank-United Nations Development Programme report which downplayed the impact of negative external factors and suggested that the picture was much less dismal, particularly in countries implementing reform packages.

In his preface to the report Professor Adebayo Adedeji, UN under-secretary-general and head of the ECA, says: "Any attempt to portray the economic situation currently prevailing in Africa in rosy terms, to minimise the impact of an adverse external environment and to depict the effects of structural adjustment programmes as having been always positive, does not only detract from the reality of the situation, but is cynical in the extreme."

The report concentrates on last year's economic performance in Africa. It says output grew 2.3 per cent in 1988, mainly because favourable weather brought good harvests. But it warns that this is insufficient to pull the region out of its crisis.

S Africa says Namibia action legal

By Michael Holman in London

SOUTH AFRICA last night maintained its diplomatic offensive and released the text of the hitherto secret "Protocol of Geneva," signed in the city last August, which Pretoria says provides the legal basis for its military action against Swapo guerrillas in northern Namibia.

South Africa has accused Swapo of breaking the terms of the Namibia settlement by moving guerrilla units south of the 16th parallel running through Angola and into Namibia. The key section of the Protocol reads:

"The parties undertake to adopt the necessary measures of restraint in order to maintain the existing de facto cessation of hostilities. South Africa stated its willingness to convey *this commitment* in writing to the Secretary-General of the United Nations. Angola and Cuba shall urge Swapo to proceed *likewise as a step prior to* the ceasefire contemplated in resolution 435/78 which will be established *prior* to 1 November 1988.

"Angola and Cuba shall use their good offices so that, once the withdrawal of South African troops from Angola is completed, and within the context also of the cessation of hostilities in Namibia, Swapo's forces will be deployed to the north of the 16th parallel. The parties deemed it appropriate that, during the period before 1 November 1988, a representative of the United Nations Secretary-General be present in Luanda to take cognisance of any *disputes* relative *to the* cessation of hostilities and agreed that the combined military committee contemplated in paragraph 9 can be an appropriate venue for reviewing complaints of this nature that may arise."

Paragraph 9 states that the period from September 1, 1988, by when South African forces would complete their withdrawal, and the date for implementing the Security Council's plan for ultimate Namibian independence (which proved to be last Saturday) would be one of "particular sensitivity for which specific guidelines for *military activities are presently lacking.*"

When the protocol was signed, it was envisaged that Namibia's UN-monitored transition to independence would begin on November 1. *It in fact* began last Saturday.

Foreign interest lifts NZ investment

By Dai Hayward in Wellington

FOREIGN INVESTORS, showing more faith in New Zealand's economy than local analysts, are pouring hundreds of millions of dollars into NZ investment, say international investment bankers, Bain and Co.

Bain's senior economist, Ms Georgina Tattersfield said in Wellington that fund managers in the US and Europe are showing more objectivity in assessing the profit potential in New Zealand's bond market than domestic investors who have yet to focus on key statistics.

The fundamental strengths of the NZ economy are attracting foreign investors with *substantial funds.* The bank currently has two American investors in NZ, who previously knew little about the country but who were so interested in its recent economic figures they came to "see for themselves."

"We believe the New Zealand market is likely to be a top performer in the coming year because of the extremely good fundamentals it is exhibiting, particularly in relation to Australia."

New Zealand's inflation continues to fall while Australian inflation figures indicated "a significant increase" over the coming months.

In a report issued by the bank, Ms Tattersfield said: "It is heartening that New Zealand's sound inflation outlook and *improved* trade data are demanding and receiving investor recognition."

Bain's optimistic predictions are in direct contrast to its views in December when it advised potential investors to stay away from money market because of the possibility the government would pursue a soft line on the economy.

Now it says this year will provide an exciting investment environment.

The predictions were unscored by the release of the latest trade figures showing New Zealand's terms of trade are higher than for the last nine anda half years. The terms of trade index in the December quarter measured 88 – the highest since June 1979 when it stood at 91. New Zealand also recorded a record volume of exports and record export earnings.

Afghanistan requests UN Security Council meeting

AFGHANISTAN *formally* requested an urgent meeting of the Security Council to deal with alleged aggression and interference by Pakistan,in a letter circulated yesterday, Reuter reports from the United Nations.

A Council source said a meeting would probably be set for April 11 to allow time for a senior Pakistani representative to arrive in New York.

Soviet Foreign Ministry spokesman Yuri Gremitskykh told a news conference in Moscow that Afghan rebels had fired missiles into two districts of Kabul yesterday, killing eight people and wounding 20. Three women and a child were among the dead.

Mr Gremitskykh *also* said Afghan government troops had repelled another assault on the eastern city of Jalalabad, which has been under attack for nearly a month. Twenty rebels were killed, he said.

A force of about 30,000 was still massed outside the city, Mr Gremitskykh said, including senior Pakistani officers and fighters from countries including Egypt and Saudi *Arabia.*

Pakistan yesterday dismissed as propaganda a request for the emergency meeting of the Security Council.

Pakistan regularly denies charges by Kabul that its military forces are fighting alongside guerrillas in Afghanistan.

The punishing pursuit of Pakistani profits

Christina Lamb in Islamabad reports on the hurdles facing foreign investors

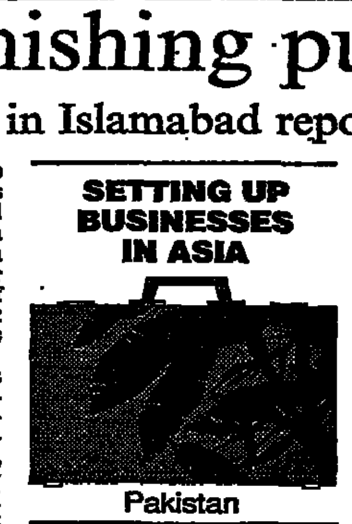
ATTEMPTING to set up business in Pakistan is frequently compared with looking for a black cat in a dark room. One European businessman, still waiting for approval after three years of endless doorknocking, says: "It's like watching grass grow".

Setting up business requires persistence more than anything. Only the most determined can survive the corruption, prohibitive import duties, and a nightmarish bureaucracy coupled with the political uncertainty of a country that has spent more than half its lifetime under martial law.

The country's main industrial centre of Karachi is a hotbed of ethnic violence, where wealthy businessmen have armed guards to protect them against kidnapping. Frequent riots necessitate curfews, closing factories for weeks on end.

Those who make it through the maze of bureaucracy and graft maintain that it is worth it, but few get that far. Britain is the largest overseas investor in Pakistan, much investment *dating back to the days of the* Raj.

Most foreign investment is from big pharmaceutical companies, and while companies such as ICI are building additional plants, there are few



newcomers.

Despite the country's semi-capitalist system and close *relations with the US, Pakistan* attracts little Western equity – averaging only $7.1m a year in US investment over the last decade.

The biggest initial hurdle is the sanction process. While local projects up to Rs700,000 (£21,000) need no approval, any form of business containing even 1 per cent of foreign equity must be formally sanctioned. "By the time one gets initial approval for a drugs company in Pakistan, one could already have the pills on the shelf in Singapore. Here the bureaucracy seem to believe their job is to restrain *not facilitate* foreign investment. The irony is, Pakistan is the loser in the process," says a senior US economist working in Islamabad.

Pakistan's democratically elected government hopes to change things. Ms Benazir Bhutto took office in December *to find the government so crip*pled by debt that it was printing money to pay wages.

Declaring the country "bankrupt", Ms Bhutto has made privatisation the new watchword, with the emphasis on foreign investment. The government is committed to liberalising imports and cutting red tape.

Sceptics point out that the last government was equally committed to deregulation, setting up a scheme in which one organisation would be responsible for all necessary approvals. Two years later, this has yet to take off, and businessmen are still wearing out shoe leather traipsing round the ministries of commerce, industries, foreign affairs and health, along with numerous investment departments and water, gas and electricity authorities.

Bureaucrats seem to want to keep the system deliberately vague and complicated to ensure the maximum rake-offs for the maximum number of people, as well as giving a *raison d'être* for numerous superfluous commissions.

Having finally secured approval, corruption does not stop. Everyone from customs officials to telephone operators expects rupees.

Yet the corruption pales into insignificance against the biggest *problem - lack of infra*structure. Major cities are linked by, at best, potholed two-lane tarmac roads; daily power shortages are part of life, and with only one telephone per 140 people, outdated exchanges sometimes seem capable only of connecting wrong numbers.

Moreover, because cities are hopelessly overcrowded, Pakistan encourages industrial construction only in remote areas where infrastructure is non-existent and the quality of life poor.

Finding local managers can also be a problem in a country where 77 per cent of the population is illiterate and where universities are often closed by violence. Degrees are often bought on the open market.

The import of many foreign manufactured goods is banned and confiscatory tariffs imposed on others – up to 150 per cent on consumer goods such as cars and an average of 77 per cent for industrial process equipment, supposedly to encourage *homegrown* industry.

However, this can work to one's advantage. Almost all Pakistan's potential is untapped. There is much the country cannot produce alone and once a new industry is started the trend is to introduce protective *tariffs, so the secret is to get in* first and quick.

The main areas in which Pakistan is keen to attract foreign investment are power, telecommunications, engineering industries and consultancies. Power has the biggest scope, with the government committed to produce 40,000MW by the end of the century, against the present 6,000MW.

Labour is cheap and plentiful, the country has widespread untapped raw materials and mineral resources and the government is offering hefty concessions such as tax-free zones, *half-rate electricity* and exemption from import duties for those raw materials and machinery not available in Pakistan in specially designated areas.

But still investors are *not* taking the bait. Mr Julian Stretch, president of the British and South Asia Trade Association, believes one of the biggest deterrents is image. "Made in Pakistan" is not yet a seductive label.

Offer people Freedom and Choices and you'll make a name for yourself.

Guardian Royal Exchange did. Here in Britain.

Our Freedom life policy and our Choices pension plan are giving people what people want. In the case of Freedom, a revolutionary brand of life insurance they can change as their circumstances change.

And with Choices, a pension plan they can take freely and easily from job to job.

But what's really made our name is the way these products take advantage of radical changes in the insurance industry.

Consider the 1984 abolition of tax relief on life insurance premiums.

Quick to see the possibilities this opened up for a universal life product, we set about developing one.

The result was Freedom – profitable after just 18 months, it is now market leader in this growing sector.

Similarly, Choices was launched this year to capitalise on the enormous potential created by the new pension laws.

With its mass-market appeal, it has already become one of the most sought-after names in pensions.

The idea that change can be turned into opportunity is a firmly held belief at Guardian Royal Exchange.

And it's a measure of our success – we are one of Britain's leading composite insurers – that this doctrine is adopted through all levels of the company.

Admittedly, we may never make international headlines with our philosophy. But it's certainly getting us noticed.

GUARDIAN ROYAL EXCHANGE

One step ahead, then another

WORLD TRADE NEWS

Japan to extend curbs on car exports to EC

By Stefan Wagstyl in Tokyo

JAPAN intends to extend for another year voluntary curbs on car exports to the European Community in order to avoid trade friction.

Exports to Europe have been rising only slowly since curbs were introduced in 1986, but the rapid increase of local production in Europe by Japanese companies has brought an angry reaction from European car manufacturers and some governments.

The issue has been brought to a head by the announcement earlier this year by Toyota Motor, Japan's largest car company, that it was considering building a car factory in the UK.

The Japanese Ministry for International Trade and Industry said yesterday it would continue monitoring exports for another year and had asked car makers to avoid sudden increases in sales. This is understood in Tokyo to mean that MITI expects the increase to be no more than 3 per cent in the financial year starting this month.

Increases in exports have dropped sharply from 10.9 per cent in 1986 to 3.4 per cent in the 1987-88 financial year when exports totalled 1.21m. This figure greatly exceeds the total of cars made by Japanese factories in Europe, led by Nissan Motor's plant in North East England.

However, the number of locally-produced cars is expected to rise rapidly as Nissan moves towards its goal of 200,000 cars a year and other makers establish and expand wholly-owned factories and joint ventures. Toyota's eventual target is also to produce 200,000 cars in Europe.

● Fuji Photo Film of Japan said yesterday it was to establish a production base in Europe, AP-DJ reports from Tokyo.

Fuji, Japan's top photo film maker, said Onceas, a Rome-based importer of films, cameras and video cameras from Fuji, will establish an assembly plant.

Fuji said it will supply Onceas with half-finished products and technical know-how.

Italy is Fuji's second base of business in Europe, following its advance into the Netherlands last year.

Fuji said the creation of the new production base in Italy is part of the company's attempt to overtake Eastman Kodak, which is believed to hold roughly 40 per cent of the European market.

Textiles pose fresh problem for Gatt

By William Dullforce and Peter Montagnon in Geneva

PAKISTAN hit out at the industrialised nations yesterday for not taking seriously its and other developing countries' interests in the textile trade.

Mr Akhtar Khan, a senior official in the Pakistani Ministry of Commerce, voiced "disappointment and concern" at the failure to take Third World objectives into account in the negotiations under the General Agreement on Tariffs and Trade intended to put the Uruguay Round back on track.

Efforts starting last Friday to resolve differences over the four items, on which the mid-term review of the Round broke down in December, had not displayed "a level of ambition" in textiles and safeguards comparable to that seen in the talks on agriculture and intellectual property rights.

Safeguards are the measures which countries can apply under Gatt rules to protect temporarily industries which are hurt by a sudden flood of imports.

Mr Khan's remarks to the formal opening session of the Uruguay Round trade negotiations committee indicated that solutions to textiles and safeguards may not easily "fall into place" once agreements have been reached on farm trade reform and intellectual property.

Discussions on textiles and clothing have been stalled since the trade ministers' meeting in December over two key issues:

First, the demand by some developing countries for a freeze on further restrictions on their exports under the Multifibre Agreement, which governs about half the world trade in textiles and clothing. Second, the setting of a date for the phasing out of MFA restrictions and the return to Gatt rules of the textile trade.

In addition, the European Community has been anxious to use the talks to win a commitment from the richer developing countries to liberalise their domestic textiles markets.

Yugoslav entrepreneur bucks the system

Judy Dempsey in Slovenia discovers a small private export business success story

WHEN Zoran Simic decided to set up his small, privately-run factory six years ago, he had no idea he would be dogged by the taxman, faced with expensive machinery that did not work, confronted by officials who still opposed the private entrepreneur and above all, hit by inflation.

It would be difficult to describe Mr Simic as an entrepreneur in the Western sense. He does no marketing or advertising. He has no glossy signs outside his modest building. He has no fancy office equipment, and a staff of just five.

But in his factory, a large shed outside Ljubljana, the capital of Slovenia, Yugoslavia's most politically liberal republic, Mr Simic has managed to survive. And not only that. By managing to gain the confidence of a West German company, 100 per cent of one of his production lines is now earmarked exclusively for the export market.

Along with his brother, Mr Simic left his small but profitable privately-run printing business in 1983 to set up a briquette factory. Since briquettes, which are made from wood, are far less polluting than coal or charcoal, he reckoned he would have a good chance in exporting his products to neighbouring Austria, Italy and West Germany, all of which are becoming increasingly environment-conscious.

The first two years were, as Mr Simic himself described them, a nightmare. The machinery, which was imported and paid for with precious hard currency to dry the wood and make the briquettes, did not work. "The Western firm took us for a ride. I learned at lot from that. In private business, you have to do everything yourself and you always have to be flexible and patient."

Not content with this, the 36-year-old Mr Simic, an entrepreneur if there ever was one, decided he could make use of the branches from the vineyards around Dalmatia.

"The water content of this wood is low, the aroma is excellent, so I decided to convert these branches into pellets for barbecues and grills," he says, proudly showing off his new product, of which he expects to export most to West Germany this year. "If all goes well, I will have a turnover this year of DM300,000."

'Although Slovenia is probably the most liberal (Yugoslav republic) in terms of how the economy and politics is run, there is still some tough ideological resistance to the private sector.'

Overnight, Mr Simic became a mechanic, doing most of the repairs himself. And for the first three years, he refused to go into any kind of large-scale production until he was sure his product was perfect and he could fulfil all the contracts on time.

By 1987, things started looking up. Over 30 per cent of his briquettes, used mostly for domestic heating, were being exported across to Italy and Austria. His new line in garden peat moss was also succeeding. In fact, by 1988, most of this production line was crossing the Yugoslav borders into Austria and West Germany, earning him last year a handsome turnover of DM500,000 (£157,000).

But Mr Simic will need much luck on his side. For one thing, the inflation rate, now rising above 360 per cent a year, is pushing up the cost of his materials. He remembers that when he first started production, material costs for making the domestic heating briquettes were about 10 per cent of domestic prices. Today, they are nearly 90 per cent. If inflation continues, he could be forced to cut back completely on this line.

If inflation is a problem, dealing with the Foreign Trade Organisation (FTO) is another. Under Yugoslav legislation, which is undergoing radical changes, all companies who want to export have to go through an FTO.

The aim of the FTO is to market the product. But the fee is high in contrast to the returns. For one thing, Mr Simic and his colleagues never see any of their hard currency earnings. Western firms have to pay their Yugoslav partner via the FTO who in turn pay local currency to the Yugoslavs. And since the payment transactions often take as long as three months to come through, many Yugoslav firms are now losing out.

"With rising inflation and currency devaluations, our real earnings lose value by the day," says Mr Simic.

There is a way around it. Mr Simic can ask the FTO to speed up the payments, even if they are in dinars. However, that means giving the FTO a cut above the commission rate which is about 30 per cent. "If you want to be paid in 15 days, then you pay the FTO 34 per cent," he says.

The commission, however, is but a tip of the tax iceberg. Like other small firms, Mr Simic pays a 30 per cent company tax and then, depending on his profits, he could pay what amounts to a prohibitive income tax of 80 per cent.

"That is the cost for being a successful, small privately-run business," he says. "Although Slovenia is probably the most liberal in terms of how the economy and politics is run, there is still some tough ideological resistance to the private sector." Some of these conservatives are still in the local tax office in Ljubljana, scrutinising every receipt earned by the private entrepreneurs.

But Mr Simic and others who are engaged in the private sector and dealing in foreign trade say the climate is changing. "It used to be worse. But we need much more flexibility if we want to make this area of the economy more profitable and efficient," he says.

He is not alone in this view. Yugoslav economists also believe that the small private firms are potentially the backbone of the Yugoslav economy. In Slovenia alone, the private sector accounts for 7 per cent of the republic's gross national product.

They also believe that if this sector is further liberalised, it could attract much more foreign currency into the country as well as boost foreign trade earnings. The signs seem to be pointing in that direction. Mr Ante Markovic, the new Prime Minister, has his eye on this sector and intends to make it easier for Yugoslav businesses to deal directly with their western foreign partners. If this means that people like Mr Simic can be paid directly in hard currency, he may well have extra cash to import much-needed new equipment and become more competitive on foreign markets.

Rolls-Royce may form leasing joint-venture

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE, the aero-engine builder, is discussing the formation of a new London-based aero-engine leasing and finance organisation with companies in Japan, the US and the UK.

Participants in the talks so far include Mitsubishi Trust and Banking of Tokyo, Chrysler of the US and National Westminster Bank of the UK. Nothing has been agreed so far, and it may be some time before any deal is finally settled.

The plans envisage a joint company with capital of $60m initially, eventually being raised to $200m, of which Rolls-Royce would hold 40 per cent and the other three partners 20 per cent each. Other partners would be brought in later.

The move reflects the growing interest by Rolls-Royce in supporting its aero-engine marketing operations world-wide with the ability to offer potential customers a convenient financing facility.

Rolls-Royce sees the creation of such a venture as an integral part of its overall campaign to be more aggressive in world markets for its wide range of aero-engines.

Siemens favoured in Turkish power contract

By Jim Bodgener in Ankara

EXCLUSIVE negotiations for a consortium led by West Germany's Siemens and Asea Brown Boveri(ABB) have been guaranteed in a protocol for a contract for the construction of power lines from the giant Ataturk dam scheme in the south-east of Turkey.

The consortium was selected after it offered to cut its price by around 10 per cent to bring its original price down to DM187.9m (£59m).

The consortium emerged as leader after three rounds of tendering since December. It is offering a financing package which includes a DM190.5m credit from West Germany at an interest rate of 6.7 per cent and a 30-year term with 10 years' grace. The two competing consortia are led by France's CGEE Alsthom and Japan's Sumitomo.

The 640km line from the dam will run via the Elbistan power station to Ankara to connect the Ataturk power station with the Western section of the national grid.

The scheme is fairly urgent, because it needs to be completed when the first units of the dam's total 2,400MW generating capacity come on stream in 1991.

APV wins £50m Soviet breakfast cereals contract

By Nick Garnett

APV, the UK food and drink processing equipment maker has won a £50m order to introduce breakfast cereals into the Soviet Union by building production lines on the site of former vodka factories.

In a deal with the procurement agency for the Soviet food processing industry, APV is to supply ten breakfast cereal lines on nine sites across the Soviet Union. The plants will have a combined capacity of about 100m cereal packets a year.

APV is due to deliver the first plant this year.

Canadian panel favours training tax incentives

By David Owen in Toronto

A CANADIAN panel, set up to study the impact of the US-Canada free trade agreement on the country's workforce, has recommended new tax incentives for companies promoting worker training.

The Advisory Council on Adjustment also urged the government to spend more on job programmes, primarily those which help redundant workers back into the labour force.

It said specifically that a programme providing up to two years' support for unemployed workers attending training courses should be strengthened, and urged the adoption of nationwide standards for redundancy notification and minimum severance payments.

The panel rejected the notion of introducing support programmes explicitly geared to workers made redundant due to trade deal-related closures, despite calls for such protection by labour leaders.

The incentives proposed by the panel amount to a levy-grant system under which companies would be deemed to have a tax liability, which could be discharged by financing training programmes. Revenue from the tax would be earmarked for labour training.

LAW

Antitrust protection for takeover targets

By A.H. Hermann, Legal Correspondent

Reports of the Minorco's difficulties in US courts in its attempt to acquire Consolidated Gold Fields have so far focused on the question of what will happen next. Will it be possible to make the US courts relent quickly enough to allow the bid to proceed within the time limits imposed by the London takeover rules?

However, study of the full text of the judgment* of the US Court of Appeals for the Second Circuit, reveals an underlying issue of a much greater general importance, namely whether a foreign target company operating on the world market can claim the antitrust protection of US courts solely because the acquisition might open the way to anti-competitive behaviour by the resulting enlarged enterprise, causing an increase in the price of a commodity traded in the US.

Although the appeal court confirmed the injunction of the US District Court for the Southern District of New York, prohibiting Minorco from buying further shares in Gold Fields, its reasons for doing so differed substantially from the reasons which led Judge Michael B. Mukasey to grant the injunction in the first place.

The appeal court disagreed with the judge on two very important issues. First, while the judge denied antitrust standing to Gold Fields (and granted the injunction only in response to the applications by its two US associated companies), the appeal court's majority held that Gold Fields had such standing. Second, the appeal court unanimously reversed the judge's ruling that he had no subject matter jurisdiction over claims of securities law infringements by Minorco.

In considering the second issue, the district court concluded that the number of US holders of shares in Gold Fields was "insignificant". It did not take into account Gold Fields' American Depository Receipt (ADR) holders, accepting that Minorco had taken all possible precautions to assure that the tender offer documents would not reach them.

The appeal court pointed out that British nominees were required by law to forward the tender offer documents to Gold Fields shareholders, as well as to ADR depository banks in the US. This brought the number of affected US residents to 2.5 per cent of Gold Fields' shareholders. The court found that these US residents owned a total of 5.3m shares with a market value of about $120m. The appeal court, which previously held in another case that US antifraud laws applied to a transaction involving only 22 US residents owning a total of 41,936 shares found the higher participation of US residents in Gold Fields to be an irresistible argument for accepting jurisdiction.

The much more complicated issue of antitrust jurisdiction is composed of three elements: the anti-competitive effect of the possible closing down by Minorco of Gold Fields' US subsidiaries, the global effect of eliminating Gold Fields as an independent competitor and, finally, the determination of the relevant market – whether it be the US, the western world, or the entire world.

The complaint that the Minorco bid was contrary to US antitrust law was brought by Gold Fields which is a British company, and two US companies which it controls. Half of Gold Fields $2.4bn assets are located in the US where it wholly owns Gold Fields Mining Corporation (GFMC) with gold mining operations in California and Nevada. It has a 49.3 per cent stake in Newmont which, in its turn, owns 90 per cent of Newmont Gold, the largest gold producer in the US. In addition, Gold Fields has important gold mining interests in Australia and South Africa, where it is the second largest gold producer. Altogether, Gold Fields, with its associated companies, accounts for 12 per cent of the gold production in the non-communist world, where it is the second largest gold producer.

Minorco, incorporated in Luxembourg, has a 29.9 per cent stake in Gold Fields. It is in its turn controlled to a large extent by the Anglo-American Corporation of South Africa and De Beers Consolidated Mines, which together own 60 per cent of Minorco's shares. Another 7 per cent of Minorco's shares are held by the family of Mr Harry Oppenheimer, whose members and close associates are on the boards of all three companies. The appeal court concluded that the group to which Minorco belongs accounts for 20.3 per cent of all gold production in the western world.

The district court injunction is based solely on the acceptance of the claim that if the Oppenheimer group succeeded in acquiring control of Gold Fields it would attempt to shut down the Newmont Gold mining operation in the US, as South African production costs of gold are rising rapidly and are now substantially higher than those in the US. To keep the price of gold high, it was alleged, the Oppenheimer group would wish to restrict low-cost production outside South Africa. The appeal court agreed with the district court judge that Newmont's threatened injury was precisely the type that the antitrust laws were designed to prevent.

However, the appeal court found it impossible to agree with the district court's conclusion that the target company itself, Gold Fields in the present case, had no standing for making an antitrust complaint. This view has previously been expressed by some US courts adopting the theory that the target company suffers no antitrust harm, because after a takeover it becomes part of the entity designed to gain a competitive advantage.

This view found an echo in the dissenting judgment of Circuit Judge Altimari. He relied on a long line of US cases where the target company was denied a standing and argued that a loss of independence which occurs in every merger is not the type of loss that the antitrust laws were intended to prevent.

Judge Altimari also disagreed with the policy grounds advanced by the majority of the appeal court, namely that a denial of standing to the target company would impair enforcement of laws against anti-competitive takeovers as the substantial burden of proof was likely to prevent consumers from bringing an action. In the view of the dissenting judge, even substantial burden of proof would not prevent competitors from bringing action under section 16 of the Clayton Act.

The majority of the appeal court took a diametrically opposed view. It held that once acquired, Gold Fields would have lost the power of independent decision-making as to price and output. One could not imagine a better example of the type of injury to competition which the antitrust laws were designed to prevent, said the majority. Moreover, the acquisition would also threaten the curtailment of production by GFMC.

This injurious effect on competition, the majority continued, was in no way mitigated by a possible benefit which Gold Fields could achieve by remaining a distinct unit within the enlarged Minorco group. It was also irrelevant whether Gold Fields' application was motivated by a desire to protect competition or the desire to protect the job security of its senior management.

Finally, there is the important question of the relevant market. The district court included in this only gold mining of non-communist countries and did not take into account gold scrap and gold reserves held by governments. In a market so defined, acquisition of Gold Fields would raise the Oppenheimer family's market share to 32.3 per cent – bringing it above the 30 per cent which, according to the US Supreme Court, triggers a presumption of illegality. This was enough to show that the plaintiffs were likely to succeed in a trial and thus justify the temporary injunction.

This view was confirmed by the appeal court which rejected Minorco's claim that "gold is gold" whether it comes from western or communist mines, from scrap, or from government reservers. Only such supplies could be recognised as competitive which increased significantly in response to an increase in price by 5 per cent or more. Only non-communist gold mining satisfied this test, said the court, adding that there was evidence that sales of eastern bloc gold did not increase when the price of western gold rose.

The conclusion of the appeal court that US antitrust laws can be applied to an acquisition taking place outside the US, as long as it affects competition in a section of the world market of which the US is a part, will, if upheld by the US Supreme Court, extend the long arm of US courts further and in a new direction.

* *Consolidated Gold Fields and others v Minorco and others, US Court of Appeals, 2nd Circuit, docket nos. 88-7932,7934 (unreported).*

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1980=100);retail sales value (1980=100);registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1987							
4th qtr.	108.0	109.4	29.1	133.3	210.8	2,658	262.1
1988							
1st qtr.	107.7	110.8	31.1	135.3	173.3	2,486	248.9
2nd qtr	109.3	112.4	31.2	137.0	181.1	2,364	255.2
3rd qtr.	110.8	118.2	32.8	139.2	188.2	2,226	264.3
4th qtr.	110.8	117.0	33.1	140.8	229.0	2,101	244.9
April	108.7	111.8	31.0	138.9	180.4	2,403	255.9
May	109.4	112.8	31.3	137.7	180.5	2,364	254.5
June	109.8	113.1	31.2	137.0	182.3	2,324	255.1*
July	110.6	115.7	31.7	140.0	181.4	2,267	249.7
August	110.6	118.1	32.1	139.5	187.7	2,228	242.7
September	111.2	116.7	32.9	138.4	185.6	2,192	240.3
October	110.6	116.6	32.4	141.2	196.7	2,156	251.2
November	111.3	117.2	33.0	140.4	218.0	2,105	248.2
December	110.4	117.3	33.1	140.8	272.2	2,037	238.3
1989							
January	108.1	118.5	32.9	137.4	184.1	1,968	228.2
February				140.6	183.9	1,947	228.1

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1987							
4th qtr.	108.8	106.8	108.0	107.4	112.9	103.4	17.0
1988							
1st qtr.	109.5	108.1	107.5	107.3	118.5	103.8	19.6
2nd qtr	111.6	108.5	108.6	108.9	120.5	101.7	22.3
3rd qtr	113.7	114.8	108.2	115.3	123.9	102.1	20.4
4th qtr	114.9	115.6	107.4	118.2	122.5	102.5	18.5
April	110.2	107.6	108.5	109.0	123.0	100.0	21.0
May	112.8	106.7	108.8	109.0	120.0	102.0	19.8
June	111.9	111.2	108.6	112.0	118.9	101.0	23.5
July	113.5	113.4	108.3	114.0	125.0	104.0	20.6
August	113.1	114.9	108.0	115.0	128.0	102.0	20.5
Sept.	114.5	116.0	108.1	116.0	120.0	101.8	20.1
October	114.0	115.3	107.5	116.0	126.0	101.0	19.6
November	115.4	116.4	107.8	117.0	118.0	102.8	21.5
December	115.3	115.0	106.8	115.0	123.0	104.8	14.4
1989							
January	116.2	114.4	104.2	116.0	140.0	101.8	18.2

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1987							
4th qtr.	111.9	120.8	-3,290	-1,968	+1,073	97.6	44.33
1988							
1st qtr.	108.3	119.8	-3,874	-2,836	+730	97.0	44.84
2nd qtr	111.4	127.7	-4,428	-2,881	+815	98.7	48.52
3rd qtr	109.3	133.7	-5,783	-3,724	+460	99.3	50.48
4th qtr.	106.6	135.0	-6,251	-5,091	+340	96.0	51.68
April	110.7	126.0	-1,237	-924	+271	98.2	47.98
May	109.2	127.2	-1,713	-1,038	+269	98.9	48.83
June	114.3	130.0	-1,572	-919	+275	99.0	48.52
July	107.0	141.5	-2,681	-1,859	+118	98.8	49.83
August	106.8	127.8	-1,657	-970	+177	100.0	50.64
September	114.1	131.9	-1,473	-797	+164	99.1	50.48
October	103.7	139.6	-2,658	-2,258	+67	97.3	50.05
November	107.1	131.5	-1,866	-1,486	+132	97.6	51.04
December	109.1	133.8	-1,763	-1,363	+141	96.7	51.69
1989							
January	114.6	146.1	-2,089	-1,599	+103	100.3	51.71
February	104.8	138.9	-2,196	-1,696	-18	100.0	51.88
March							50.46

FINANCIAL-Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1987							
4th qtr.	4.9	22.2	22.9	+11,202	3,007	+848	8.50
1988							
1st qtr.	5.2	20.8	20.8	+12,903	3,051	+965	8.50
2nd qtr	6.6	18.6	20.4	+15,343	4,173	+1,105	9.50
3rd qtr.	7.7	17.3	22.7	+16,740	3,162	+1,092	11.98
4th qtr.	7.7	14.3	20.5	+13,379	3,168	+873	12.76
May	6.4	20.0	18.8	+3,798	1,358	+383	7.50
June	7.3	18.6	20.4	+5,148	1,230	+429	9.50
July	6.9	19.1	21.1	+6,152	1,362	+345	10.50
August	7.6	15.8	20.6	+3,374	1,179	+471	12.00
September	8.5	17.3	22.7	+5,679	621	+276	12.00
October	7.7	13.7	19.8	+4,233	1,583	+198	12.00
November	7.7	11.7	20.6	+3,761	786	+392	13.00
December	7.7	14.3	20.5	+6,198	819	+295	13.00
1989							
January	7.2	11.4	21.3	+6,569	784	+224	13.00
February	6.6	13.8	22.2	+2,268		+264	13.00
March							13.00

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100);retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods	Reuters* cmdty.	Sterling
1987							
4th qtr.	120.5	96.4	109.8	103.2	101.7	1,583	74.9
1988							
1st qtr.	121.8	96.9	111.0	103.7	103.5	1,747	75.3
2nd qtr	124.8	97.8	112.6	106.2	104.8	1,817	77.8
3rd qtr.	127.5	99.8	113.9	108.8	104.7	1,902	75.9
4th qtr.	131.9	100.1	115.2	109.9	105.7	1,887	77.5
June	125.9	99.5	113.8	106.8	104.6	1,838	76.3
July	128.3	99.4	113.5	106.7	104.6	1,879	75.8
August	128.8	98.6	113.9	107.9	104.4	1,883	76.6
September	127.3	98.2	114.3	108.4	104.8	1,873	75.5
October	128.9	99.0	114.8	109.5	104.9	1,874	76.3
November	131.2	98.8	115.2	110.0	105.7	1,889	77.1
December	135.7	102.6	115.4	110.3	106.5	1,821	78.0
1989							
January	131.7	103.8	116.5	111.0	107.4	1,969	97.8
February		101.7	116.8	111.8	107.7	1,954	97.4
March						1,996	95.9

*Not seasonally adjusted
†Net changes in amounts outstanding, excluding bank loans.

UK NEWS

Chemical industry set to continue investment surge

By Peter Marsh

BRITAIN'S chemical industry is due to continue its investment surge during 1989, with total capital spending likely to reach £2.0bn, a 9 per cent increase on last year taking into account inflation.

This forecast yesterday from the Chemical Industries Association follows two years of booming demand and good profits for many of the world's big chemicals companies.

Although some analysts believe the chemicals industry will suffer a downturn over the next few years, the association predicts no let-up in the rate of increase in plant investment.

According to yesterday's forecast, there will be a further rise in capital investment in 1990 to £2.3bn, a level expected to remain about the same in 1991.

The association said there had been a large increase in the proportion of capital investment directed at projects involving health, safety and environmental affairs.

The proportion of total outlays being spent in these areas is likely to be about 15 per cent this year, compared with half this in 1982.

This year's likely increase in investment comes on top of a surge in spending in the UK industry since the mid 1980s when capital spending was about £1bn a year. Capital outlays in 1988 totalled £1.7bn.

The association said yesterday the investment plans showed the industry "took a confident view of the future."

The chemicals business, with output of about £25bn a year, is one of Britain's biggest manufacturing industries with a strong exports record.

Individual companies likely to account for much of the new spending include big businesses such as Imperial Chemical Industries, Britain's biggest chemical company, Shell and British Petroleum, all of which have announced significant new production projects over the past year.

Of the £6.6bn likely to be spent between 1989 and 1991 on capital programmes, 35 per cent is due to be spent on expanding the drugs sector. About a quarter is due to be spent in projects involving petrochemicals and plastics.

Glaxo plans marketing expansion in Japan

By Peter Marsh

GLAXO, Britain's biggest pharmaceutical company, plans to employ 500 new marketing staff in Japan over the next four years to boost sales in the world's second biggest market for drugs after the US.

Mr Bernard Taylor, chief executive, said Japan was the one major country where he thought Glaxo's marketing presence was insufficient. The 500 extra staff will be mainly new graduates. They will join the 500 Glaxo marketing staff already based in Japan.

Glaxo has grown strongly in recent years, especially in North America, but Japanese sales have remained small. Of the company's £2.1bn sales last year, North America accounted for two-fifths while only 6 per cent came from Japan and the rest of the Far East.

The company, the second biggest drugs group in the world after Merck of the US, is also planning to expand greatly its research and development activities, with annual spending likely to double by 1993 to about £450m.

Mr Taylor said he remained bullish about the prospects for many of the 10 or so medicines passing through the late stages of the company's research pipeline.

He acknowledged, however, there had been a delay in the trials programme involving a new Glaxo drug, code named GR38032.

This product is under development for treating a range of brain-related conditions and is thought by many analysts to have a high sales potential.

Glaxo said two years ago that it expected to apply in early 1989 for a government licence to sell the product for anti-anxiety applications. Mr Taylor said this was now unlikely since more time was needed to complete trials.

He said prospects for the product in this application still looked good, but said he did not want to discuss how long it was likely to be delayed.

Glaxo is also developing GR38032 for treating sickness associated with anti-cancer drugs. Mr Taylor said that this aspect of the programme was roughly on course.

The company hopes soon to apply for a product licence for this use.

Gorbachev picks showpiece of British technology

By Terry Dodsworth, Industrial Editor

MR MIKHAIL GORBACHEV's reputation for throwing up surprises will not be diminished by his choice for a factory visit during his visit to Britain today.

The unorthodox Soviet President has chosen an appropriately unconventional company for his factory tour today. It is Case Communications, a subsidiary of the Dowty aerospace and electronics group.

Case Communications is as much a representative of the new guard in UK industry as Mr Gorbachev is in Soviet politics. The company specialises in data communications, making electronic "black boxes" and selling services that allow its customers to link their computers together.

It has grown rapidly in the 1980s by showing the sort of technological innovation and managerial agility which Mr Gorbachev is trying to inculcate in the troubled Soviet economy.

Case was very much the choice of the Soviets themselves, according to the Department of Trade and Industry.

The department put up a suggestion list of about six high-tech companies selected from the great and the good of the British electronics industry – companies such as British Aerospace and the ICL computer group are thought to have been among those proposed.

However, Soviet Embassy officials decided that they preferred Case, which was definitely not among the companies suggested.

"We would like to think it is something of a coup," Mr Tony Thatcher, chief executive of Dowty, said yesterday.

Mr Thatcher – no relation of the Thatcher Mr Gorbachev has come to know so well – says that the main reason for the choice is that the Russian leader "wanted to see the way we have sorted the factory out."

The Case plant at Watford is regarded as a showpiece in computer-controlled manufacturing. For every one of the 1,000 employees on the Watford site, says Mr Thatcher, there are about 1.2 computer screens. "It is virtually paperless."

Case is equally avant-garde in its management methods. All employees are on monthly salaries. No-one clocks in or out. Everyone's pay depends to some degree on bonuses – as much as 50 per cent for some of the salesmen – and the atmosphere inside the plant is said to be highly informal.

"This is the type of modern approach the Russians were looking for," said an executive

Naturally enough, there was an air of high excitement at Case this week, as details of Mr Gorbachev's walk-about at the factory site were being finalised. Aside from the effort of showing the best face of British manufacturing to the Russians, Case is well aware that the visit may assist its sales to the Soviet Union.

These have begun to mount over the last few years, but are still stuck at around only £1m out of a total turnover of £80m.

In order to stimulate sales, the group hired Mr Nick Applegarth, a fluent Russian speaker, a couple of years ago to head its efforts in the Soviet market.

Mr Applegarth, however, was not available for comment. He was too busy using his Russian to sort out the details of the distinguished guest's visit.

So was it a bonus having a Russian speaker on site? "At the moment," said a spokesman, "we could certainly do with a few more."

UK group to build Moscow trade centre

By Paul Cheeseright, Property Correspondent

CARROLL GROUP, the private British property and industrial group, has won Soviet approval for the £150m development of a British-Soviet Trade Centre in Moscow.

This is the second British property project in the Soviet Union that has been announced in recent months in evidence of commercial glasnost.

The first, sponsored by the Derbyshire County Council, was for a new resort complex in the Crimea.

The Watford Business Park which Mr Gorbachev, the Soviet leader, will visit today, is a £40m development by Carroll.

The British-Soviet Trade Centre would be owned by a joint venture company established by Carroll and the Soviet Government.

It would comprise 160,000 square feet of offices, an hotel with 400 bedrooms, 150 apartments and conference and leisure facilities.

The Centre would in fact be a complex for foreign business, initially British, served on a basis of first come first served.

The demand for space by foreign business in Moscow far exceeds supply and if this venture is a success it is reasonable to assume that, in the current political climate, it will be the forerunner of other similar developments.

Rents at the Centre are likely to approach London levels at the equivalent of around £40 a square foot.

Finance for the project is being arranged by Samuel Montagu, the London merchant bank, and by the Moscow Narodny Bank, but the terms have not been made clear.

The Moscow venture is a notable expansion of Carroll's interests.

A secretive group but one of the largest in Britain under private control, it has property developments in hand which, once completed, would have a value approaching £1bn.

●Carroll announced that it had just received planning permission for a £100m retail and leisure park.

The development will take place an old power station site adjacent to the M6 motorway at Walsall in the West Midlands.

Branch status 'weakening Scottish industry'

By James Buxton, Scottish Correspondent

SCOTTISH manufacturing industry is predominantly a "branch plant economy" and suffers serious weaknesses as a result, according to a survey published yesterday. It has a low level of research and development, of product innovation and an unimaginative approach to strategic development, while many companies report slow or even negative growth.

The survey by the accountants Peat Marwick McLintock found that 69 per cent of the 290 companies replying to a questionnaire sent to 673 companies were owned outside Scotland. It concludes that advisory services to companies, including government assistance schemes, must be adapted to give more help to larger manufacturing companies.

The study, which concentrated mainly on companies with a turnover of more than £10m and employing more than 200 people, found that nearly half the companies reported "very low" or "low" intensity of research and development, probably because of their branch plant status. Rates of innovation were low, with 40 per cent reporting a low level of changes in their products.

Some 21 per cent of the companies reporting said their growth had declined in the past three years, while 44 per cent reported growth rates of below 5 per cent.

The majority of companies (86 per cent) gave increasing their share of existing markets as their main strategic direction. Some 58 per cent planned to enter new markets with new products. Nineteen per cent forecast retrenchment from some markets.

Although 74 per cent were exporters to some extent, 54 per cent had no exports to continental Europe. Some 40 per cent saw the single European market as a major opportunity.

Only 20 per cent had used the Department of Trade and Industry's Enterprise Initiative, which the study says may be due to the fact that the initiative is only available to companies employing fewer than 500 people, though it may also be the result of outside ownership.

Mr Bill Hughes, chairman of the Confederation of British Industry in Scotland, said that many of the figures made "dismal reading." He endorsed Peat Marwick McLintock's suggestion that a new body called Scottish Manufacturing Enterprise be created as part of Scottish Enterprise, the body into which the Government plans to transform the Scottish Development Agency, to help larger companies.

UK NEWS

Companies reveal jobs training lethargy

By Charles Leadbeater, Labour Editor

LARGE COMPANIES are extremely unenthusiastic about taking part in Employment Training, the Government's £1.5bn a year programme for the adult unemployed, according to an unpublished report commissioned by the Department of Employment.

The report says it could take several years to persuade large companies to participate in the programme, which the Government has said should improve job prospects for the unemployed by offering them training with employers.

The report by the Institute of Manpower Studies, at Sussex University, is based on interviews with 40 companies, mostly employing more than 1,000 workers.

It found that most companies doubted whether the long-term unemployed could be trained to sufficiently high skill levels. They were highly critical of what they described as the excessive inflexibility, jargon, bureaucracy and confusion of the division responsible for running the scheme.

Only about 151,000 people have joined the programme, which was launched in September, with the aim of providing an average of six months training to 600,000 people a year. The Government launched a second advertising campaign at Christmas to overcome large companies' reluctance to offer work experience placements for the scheme.

All but three of the 40 companies interviewed had participated in previous government training and employment initiatives. But the survey found that only nine expected to take part in ET and of those eight would limit their interest to seeing how the scheme ran.

Even companies which are reappraising their recruitment policies in the face of mounting skill shortages and the decline in the number of young people over the next four years, were extremely doubtful that ET would provide them with an alternative source of skilled labour.

One employer in south-east England is quoted as saying: "If they need to be on this kind of scheme around here, where there is so much work going begging, then there must be something terribly wrong with them as potential employees, so they aren't going to be much use even after training."

Another said: "Where is the benefit to us in selecting from a bunch all of whom are likely to be unemployable, otherwise they would not be on the scheme anyway." One said of some of the special categories of unemployed people admitted to the scheme, such as the disabled and ex-offenders: "These categories are just official jargon for the general riff raff they want us to take."

Nationalised industries' rate of return to be raised

By Ralph Atkins and Terry Dodsworth

THE RATE of return required on nationalised industries' investment programmes is to be raised to 8 per cent from 5 per cent – the first increase for more than a decade, the Government said yesterday.

The rise is designed to bring public sector companies closer to the performance of private sector companies. The Treasury said it would not discourage investment although initial reaction by nationalised industries yesterday was mixed.

The new rate of 8 per cent in real terms before tax will apply to nationalised industries and public sector trading organisations such as Her Majesty's Stationery Office, the Government printer and publisher.

Required rates of return were introduced in the 1978 White Paper on Nationalised Industries. They apply to investment programmes as a whole rather than individual projects and are taken into consideration when financial targets are set by the Government.

The Treasury said that since 1978 the rate of return in the private sector has risen to about 11 per cent and that this higher profitability was sustainable. The 8 per cent set for the public sector reflected the lower risk of investment projects and a desire to keep the rate fixed over the medium term.

It said that all investment by the public sector should earn a proper rate of return. The new requirements would have no impact on pricing during the lifetime of existing financial targets, it said.

The Post Office said yesterday that it has been achieving rates of return of between 5 and 8 per cent on its assets, although the company sets its main targets on the basis of returns on turnover.

"The new targets will be incorporated into our plans for 1989-90," the company said. British Rail said that in the three divisions not supported by Government funds – its InterCity, freight and parcels services – it had been aiming for a 5 per cent return on investment by the 1992-93 financial year.

Mr Michael Parker, director of economics at British Coal, said his company was already able comfortably to exceed the 8 per cent level. "It will have no impact on us whatever," he said.

Abbey denies monitoring vote

By David Barchard

WITH ONLY three days remaining before the deadline for postal votes in the flotation ballot by members of the Abbey National Building Society, the society yesterday denied reports that its board had monitored the progress of the vote through information supplied by the scrutineers, Deloitte Haskins & Sells.

In a separate development, the Building Societies Commission issued a further reminder that it might not allow the flotation to go ahead, if it decided that Abbey National's board had been one-sided in presenting the flotation issue.

Mr Michael Bridgeman, head of the Commission, was replying to a letter from Mr Chris Smith, a Labour Treasury spokesman, complaining about alleged partiality in material circulated to members by the Abbey National board.

Mr Bridgeman said that the Commission had no powers to intervene at this stage, but would have to confirm the flotation if the vote was in favour. The vote is believed to be the largest non-political ballot held in the UK with at least 1m pople taking part.

Anglo-Irish review publication imminent

By Our Belfast Correspondent

THE OUTCOME of the review of the workings of the Anglo-Irish Intergovernmental Conference, set up under the Anglo-Irish agreement, will be made public within the next few weeks, it was disclosed last night.

In a joint statement after a long meeting of the conference in Belfast, British and Irish ministers said they intended to complete the review and publish the results at their next meeting.

The conference was established under the agreement to institutionalise links between Dublin and London under the terms of the Agreement.

Yesterday's session was co-chaired by Mr Tom King, *Northern Ireland Secretary*, and Mr Brian Lenihan, the Republic's Foreign Affairs Minister.

Both sides are reported to be keen to widen the scope of conference meetings to include such matters as *health*, industry and the environment, in addition to political and security issues, but it is unlikely there will be any major changes.

The review has been carried out without the support of Unionists in Northern Ireland, who have refused all offers of talks until the Government indicates its willingness to consider an alternative to the Agreement and suspend the secretariat in Belfast, which services the conference.

Security was high on the agenda at the meeting and Mr King and Mr Lenihan discussed the recent IRA murders of two senior Ulster pollicemen, who were shot dead as they returned by car to Northern Ireland after a meeting with *senior* Irish police in Dundalk.

Both governments condemned the killings and and reiterated their determination to intensify cross-border security co-operation

The two sides also discussed the continued disruption to traffic on the Belfast to Dublin railway line, which has caused economic chaos and threatened jobs on both sides of the border.

Other matters *discussed* yesterday included policy aspects of extradition arrangements between Britain and the Republic, the British Government's new fair employment laws and the upgrading of the Irish language in the Northern Ireland school curriculum.

In Brief

Brussels clears Brel debt write-off

The British Government won conditional clearance by the European Commission to write off £64m owed by Brel, the railway equipment group owned by the British Railways Board, writes William Dawkins in Brussels.

The decision clears Brel's £14m sale to a management and employee consortium backed by Asea Brown Bovert, the Swiss/Swedish engineering group, and Trafalgar House, the UK construction and engineering conglomerate.

The Government must, however, submit an annual report to the Commission showing that the company is sticking to its plans to reduce capacity and streamline operations.

Officials said the Commission permitted the write-off on the grounds that Brel was not used to working in normal commercial conditions, that the UK railway equipment market is closed to competition from other member states because of national public procurement preferences, and that the restructuring plan would help curb overcapacity.

EC steel warning

The main body representing UK steel users has warned the European Commission that restrictions on investment in coated steel will harm the competitive position of European steel users.

Brussels is surveying the future market for galvanised and other coated steel which is heavily used in the construction, vehicle and domestic appliance industries.

Rodime resignations

The board of Rodime, Scottish-based computer disk drive maker, accepted "with regret" the resignation of Mr Len Brownlow, chairman and Mr *Mervyn Brown, managing* director, over measures to help it out of a financial crisis. They have been replaced by Mr Thomas G. Kamp and Mr Peter G. Bailey respectively.

Merchant ships

The UK merchant shipbuilding industry launched 38 ships of 91,259 gross tonnes last year, nearly twice the 45,598 gross tonnes launched in 1987, according to Lloyd's Register, the independent ship classification society

Lending falls

Consumer lending has fallen sharply in the past six months as a result of the Government's high interest rate policies, Mr John Hoddell, chairman of the Finance Houses Association said. Lending in the last quarter of 1988 was around the level *of the same period a year later*, he said.

Bank auction

The Bank of England said is to hold a second "reverse auction" to buy back Government securities and more are likely to be held in the future. The second auction will be held on May 5 and will involve the Bank buying about £500m of medium dated stock. The first reverse auction was held in January.

UK subsidiary seeks to end eight years of losses

Renault Truck Industries aims for break-even point this year

By Kevin Done, Motor Industry Correspondent

RENAULT Truck Industries, the UK subsidiary of Renault Vehicules Industriels, the French commercial vehicle maker, is aiming to break even this year after eight years of losses.

RTI cut its net loss last year to £1.5m – its best financial performance since the company was formed in 1981 – from a deficit of £3.1m in 1987 and £10.8m in 1986.

The Dunstable-based truck maker, formerly Dodge Trucks, which was taken over by Renault in 1981, has run up total net losses in the UK of £99.8m in the eight years from 1981 to 1988.

The group achieved its first operating profit in 1987, however, of £600,000 compared with an operating loss of £6.5m in 1986, and operating profits improved further to £4.3m in 1988, according to unaudited figures.

The RTI truck operations workforce was cut further last year to 1,167 from 1,319 in 1987 and has been more than halved in the last 10 years from 2,747 in 1981. At the same time truck stock levels have been reduced drastically to 198 vehicles in 1987 and 383 in 1988 from a peak of 2,406 in 1983, while production has been maintained at 4,500-5,000 vehicles a year.

The company still carries a heavy debt burden, however. It incurred £4.6m of net financial costs in 1988 and the big jump in UK interest rates could threaten its drive to break into profit this year.

Despite the overall boom in UK truck sales (above 3.5 tonnes) last year, RTI was one of the few truck makers to suffer a fall in volume sales.

Its sales fell by 8 per cent to 4,639 from 5,042 in 1987. In sharp contrast overall new truck registrations in the UK jumped by 17.2 per cent to 67,918, the highest level reached since the peak year of 1979.

Renault's share of the UK truck market dropped to 6.8 per cent in 1988 from 8.7 per cent in 1987 and a peak of 10.6 per cent in 1982.

Output at Dunstable fell last year by 10.2 per cent to 4,585 from 5,104 in 1987. RTI group turnover was virtually unchanged at £105m, however, reflecting its success in selling a higher volume of heavy trucks.

RTI suffered last year from its heavy dependence on public sector customers, particularly municipalities and utilities, when the major boom in commercial vehicle sales was in the private sector.

At the same time it lost sales of mini/midibus chassis, which had boomed in 1987 after the deregulation of the bus industry.

Its vehicle sales in the 3.51 to 7.4 tonnes category plunged by 40 per cent to 1,354 from 2,244 in 1987. At the same time its sales of 7.5 tonne rigid trucks jumped by 39 per cent to 1,382 and sales of heavy articulated trucks (over 29 tonnes) rose by 24 per cent to 606.

Renault is pinning its hopes on increasing its share of the UK heavy articulated truck market, where it captured a share of 3.6 per cent last year. It is planning to invest up to £3m this year to promote a new service charter and code of practice for its 84-strong dealer network, which is to be launched next week and which it claims will break new ground in operator assistance and service levels.

Renault is still overshadowed in the UK heavy truck market by its international rivals such as Daimler-Benz, Volvo, Scania and DAF, however, as well as by the small UK-based producers ERF and Foden.

The UK remains one of Renault's weakest markets in Europe. Overall Renault Vehicules Industriels took a 12.3 per cent share of the European truck market (above 5 tonnes) last year and achieved record *net profits of FFr 1.2bn (£111m)* last year.

Orders blow for AB Electronic

By John Ridding

A SHARP FALL in orders from one of its major customers prompted AB Electronic Products to warn yesterday of a decline in profits for the year to the end of June. Its share price fell 49p to 396p.

Interim results for the six months to the end of December 1988 showed a 10.9 per cent rise to £7.04m in pre-tax profits. Trading profit, however, slipped from £7.13m to £7.04m reflecting the sales fall to a customer of its assembly product unit – believed to be IBM.

The downturn first emerged in October but was more pro*longed than initially expected.* Consequently, the company expects the impact to be greater in the second half. Analysts, who had originally been looking for profits in the region of £19m have revised estimates downwards to around £15.5m. In the year 1987-88 profits doubled to £16.4m.

Mr Peter Phillips, chairman, said that orders from the customer concerned were now improving and that a full recovery was expected over the next few months.

Turnover for the interim period slipped from £97.6m to £97.1m and while profits bene*fitted from a sharp reduction* in the interest charge from £782,000 to £36,000 fully diluted earnings per share slipped to 16.1p (17p) because of a rights issue at the end of 1987 and earnout conditions concerning a previous acquisition. The board has proposed an interim dividend of 4p (3p).

Mr Phillips said that with the exception of the assembly product business all the group's divisions had experienced an improvement during the period. Telecommunications benefited from its expertise in cable, satellite and security sustems and a good performance was recorded by *its automotive division*, particularly in Germany.

Government to shake up statistical services

By Simon Holberton, Economics Staff

THE GOVERNMENT yesterday unveiled a radical reorganisation of its statistical services after widespread criticism of the quality of its economic figures.

The reorganisation will increase the size of the Central Statistical Office fivefold and, more controversially, switch ministerial responsibility from the Prime Minister to the Chancellor of the Exchequer.

The Chancellor will also gain ministerial responsibility for the retail prices index, the standard measure of inflation.

Mr Nigel Lawson, the present Chancellor, has in the past been critical including the effects of higher mortgage interest rates in the calculation of retail price inflation, a point of view that has not found favour with the RPI advisory committee.

The quality of UK official statistics has been much criticised in the Treasury, the Bank of England and the City of London financial markets. A civil service inquiry was set up last summer to examine ways of improving them.

In a presentation to the inquiry, most of the recommendations of which were accepted, the Treasury said its reading of the economy had been impaired by the poor state of official data.

The Government accepted the inquiry's recommendation for a greater centralisation of the collection of official data in the UK.

It will take over responsibility for the of Trade Department's Business Statistics Office and all the statistical series which the DTI is currently responsible, for example trade figures.

The reorganisation of the CSO represents a significant victory for the Treasury, which has been critical of official statistics recently.

The CSO had hoped it would remain in the Cabinet Office where it has resided since its creation during the Second World War.

The CSO's staff numbers will rise from around 160 to 1,000. Its budget will rise from about £5m to £15-£20m.

MANAGEMENT: Marketing and Advertising

A growing business with a dwindling customer base

Rachel Johnson explains the paradox of Britain's book wholesalers

Equally maddening to booksellers and authors alike is the fact that publishers fail to distribute their books; a joke in the industry is that British publishers think marketing means giving a launch drinks party.

Even authors have difficulty finding their own best-seller on the shelves of their local bookshops; they resort to phoning in with ghost orders.

Traditionally, booksellers buy most of their stock from publishers. But deliveries can take up to a month; Oxford University Press was notorious for taking six.

"Publishers produce beautiful, lovely books," says Timothy Melgund, marketing manager of Heathcote Books, a paperback wholesaler, "but they are shooting themselves in the foot by distributing so badly."

West Germany, France and the Netherlands have long had large national wholesaling operations. Observers of the industry in Britain are surprised that wholesalers did not establish themselves sooner in the UK, where they consider that centralised collection and distribution would bind a fragmented industry. But now a new breed of wholesaler has moved into the market on the back of the publishers' inefficiency and last year they took 20 per cent of the business.

There are now six national book wholesalers in the UK, and the biggest is less than a year old. Speedy delivery of orders, via computerised stock control systems, is the essence of their service.

Last year, W H Smith, the UK's largest book retailer, set up Heathcote Books. Its rival, John Menzies, already has Hammick's Wholesale, which is expanding fast and concentrating its nationwide wholesale operation on a new warehouse in Birmingham this autumn.

Heathcote takes orders by fax, 24-hour telephone lines, teleorder and pre-paid envelopes. It promises 24 hour turnround, which means that the books – and minimum orders are not required – leave the warehouse in a Securicor van within 24 hours.

In the year ending May 1989, turnover is set to reach £21m, and Heathcote predicts it will double that by May 1991.

Despite teething problems with its computerised ordering system, Heathcote aims to send out overnight any order received that morning to be in the bookshop, anywhere in England, the following day.

Wholesalers provide a quicker service, but it is more expensive than that of publishers, which explains their limited penetration into the UK market. The total wholesale market is estimated at £150-£200m, out of annual industry sales of about £1.5bn.

Wholesalers tend to operate on a 15 per cent gross margin. They buy from publishers at a 50 per cent discount, and sell to the retailer at 35 per cent.

Wholesalers say that the service they offer makes their price worth paying. Small bookshops, with little shelf space, do not need to clutter up their shelves and backrooms with orders from publishers, or remaindered piles of titles.

Instead, the wholesalers keep a large stock of current titles, (about 40,000), and many publishers' complete lists. All the small bookshop has to do is place its order. And the customer can claim it the next day.

Kip Bertram, chairman of Bertram's Books, a wholesaler of hardbacks, claims that wholesaling is causing a revolution in the book trade. Wholesalers, he says, are exposing a wider range of books to the risk of sale than before. But various things are threatening their new-found success.

The obvious problem is their expense, which retailers consider prohibitive. Even the major players like Dillons do not relish paying a premium, even for a fast service, which is vital for the health of the small independents.

Terry Maher, chairman of Pentos, says that Dillons, which it owns, only uses a wholesaler in an emergency; otherwise Dillons relies on the publisher to get books onto the shelves. A chain bookshop will use a wholesaler only to "top up" stocks of fast-moving titles. Bertrams recently supplied a chain with 20,802 copies of the top-selling BBC Diet Book for sale the next day; publishers could not meet demand so quickly, though they offer better financial terms.

The question mark hovering over the future of the small independent bookshop, the wholesalers' biggest customer, is another worry.

Bertram thinks that the campaign, spearheaded by the Pentos chairman, to abolish the Net Book Agreement, which allows publishers to set minimum prices for their books, will push up book prices and the small independent bookshop out of business.

"The discounted book will look like a bargain, and the recommended retail price will seem like too much. Small bookshops make their money on top sellers, and once this icing goes to the big boys offering discounts, the small shop will go bust," says Bertram.

Wholesalers are also concerned that the small high street bookshop will not be able to afford the higher business rates, scheduled to be levied in 1990, and will have to cede their sites to the chains.

These "multiple chain outlets" such as Waterstones, Sherratt & Hughes, Hatchards and Dillons, could then be expected to buy independents.

Arthur Young, the management consultancy, predicts that the multiples will increase their share of total books sold from 17 per cent in 1985 to 23 per cent in 1993, all at the expense of the small independent. The consultants expect between 200 and 300 small bookshops to close by 1995.

On top of these threats, the Pentos group is winning itself a reputation for "aggressive credit management," which in turn is hurting the wholesalers.

According to the industry's publication, The Bookseller, this amounts to taking longer credit periods than almost any other leading bookseller – up to 100 days to pay monthly accounts.

Both Bertram and Heathcote stopped supplies to the Dillons shops last month, and there have been complaints from both wholesalers and publishers that Dillons' suppliers were being used as bankers.

"Late payments mean that Dillons will soon be looking at empty shelves, and will be in no position to offer its customers discounts if it breaks the Net Book Agreement," says Bertram.

Despite these problems, wholesalers say they are set to thrive. They have technology, speed, and they offer an essential service to the small independent bookshop. But if their main customer disappears, they will have to woo the big chains.

Agency fees

'It keeps us on our toes'

Philip Rawstorne explains why Hyde is paid by results

When a company has to replace its advertising agency, it loses a significant investment, says Thayne Hansen, director of communications for Dow Europe, the chemicals group.

"A great deal of time and effort goes into ensuring that the agency understands the company, its culture, its business, its products. If the agency goes, all that is lost, and you have to start all over again with a new agency.

"I want to do everything I can to ensure that the investment in our agency produces a return not only in the immediate future but that it is also going to produce greater returns in the long term."

It was with such thoughts in mind that a year ago Hansen proposed to Hyde & Partners, its London advertising agency, a new kind of relationship based upon performance-related payment for its services.

Hyde, a business-to-business specialist whose clients include Gould Electronics, Amdahl and Blue Circle, had then been working for Dow Europe for some 18 months on advertising, direct response, and public relations campaigns, many of them pan-European in scale.

It was paid for this work under a standard agency contract, partly by commission – mark-ups on advertising space and other products and services bought on Dow's behalf – and partly by fees.

Hansen says: "I emphasised that I was not just trying to find a way of reducing that compensation. I fully expected to continue to compensate Hyde at competitive levels for the service it provided."

A four-fold increase in Dow business for the agency this year – at £4m a year, it now represents a fifth of Hyde's turnover – undoubtedly sweetened the approach. But Peter Hyde, chairman and managing director, says: "The mutual trust already established was a key factor in enabling us to redefine our relationship."

Hyde recognised the potential advantages of a new performance-related payments system. "If it worked well, it meant that Dow would never take its business away."

He adds: "I also found the prospect entrepreneurially exciting. It would keep us on our toes by giving us incentives to improve our service, exceed Dow's expectations, and earn a bonus. It would mean that any problems could be identified quickly and precisely, and removed before they soured the business relationship."

Hansen and Hyde agree that it was the strength and sophistication of the agency's internal accounting and administrative controls that proved the basic essential for devising the new compensation system.

Hyde says: "Our computer software enables us to monitor exactly the level of service given to each of our clients; to measure costs precisely, and to check continuously certain key ratios to ensure we remain a profitable agency."

These internal controls are open for Dow's inspection. As a result, Dow is able to appreciate the extent to which Hyde buys goods and services on its behalf – and the cash flow problems that might ensue for the agency if Hyde's mark-ups on the deals were removed and Dow was "delinquent" in paying the accounts.

Dow responded by offering to underwrite Hyde's cash-flow with an annual cash injection based on the net costs of third party purchases.

With the removal of this element of risk, Hyde, in turn, was able to offer to pass on any discounts obtained as well as a reduction in its hourly charges for its work for Dow. "We proposed certain rates," says Hyde, smilingly, "and Dow beat us down."

Basic remuneration thus agreed, Hansen and Hyde then set about establishing a system of measuring the agency's performance that would determine whether, at the end of each year, it would get a bonus or forfeit some of its profit.

"It had to be a qualitative evaluation," says Hansen. It was decided – with some "psychological objections" from Hyde – that a zero rating would be set for a level of service that met Dow's expectations. Plus or minus ratings would measure the extent to which performance exceeded or fell below that norm.

The two men drew up a list of about 40 criteria on which the agency's service would be rated. There would be an overall assessment of the agency's work, and judgments on performance in specific areas such as account management, research, public relations, media, creativity, production and finance.

On its handling of Dow's media requirements, Hyde's service would thus be measured according to the effectiveness of its negotiation of advertising rates, its ability in selecting media positions, its control of media budgets and its help in providing Dow with general media information.

On the production side, it would be judged by its proficiency in selecting and handling suppliers, by the quality of print and press reproduction, and by its ability to meet delivery deadlines.

The agency's creativity would be evaluated by reference to the concepts accepted as "right first time", and by the quality of visual executions and draft copy.

Overall, Hyde's commitment to Dow, its responsiveness to the tasks set for it, and its control of job budgets would be taken into account.

The evaluation, it was agreed, would be carried out by the Dow executives working most closely with Hyde. Hansen gave them an individual "weighting" according to their degree of involvement to make it less likely that the evaluation would be distorted by any one-off involvement.

To identify any problems that Dow, itself, might create in the working relationship, a set of criteria was then established to enable Hyde's staff to evaluate Dow's contribution, in setting realistic budgets and timescales for its targets, in supplying technical and market data, and in its speed of approval for work orders, invoices and payments.

An arbitration procedure was also agreed. "But that is not a provision to allow either of us to scrap the system if we do not like the results," says Peter Hyde. "We have set agreed objectives. Arbitration should ensure that nobody can manipulate the situation."

The new payments system came into operation on January 1 this year, with upper and lower limits set for Hyde's total remuneration.

"If we achieve the highest possible rating, we shall double our profit this year on the Dow business," says Peter Hyde. "On the lowest rating, we would cover our costs but make no profit at all."

Hyde's work for Dow includes advertising, direct response, and PR, much of it on a pan-European scale


Take off for £25 and give the children a break.
We'll offer you a free 'companion ticket' for a partner to any British Airways destination out of Gatwick North if you'll help to raise £1 million for Save The Children.
Simply book one full fare return ticket before 12th May for any flight up to the end of August and make a donation of just £25 (for European destinations) or £50 (for International destinations) to receive your second ticket. It could be just the break your partner needs. It's certainly a break the children need. For full details, talk to your travel agent today or telephone British Airways on 01-897 4000.
GATWICK NORTH TERMINAL
Save the Children
BRITISH AIRWAYS
SUBJECT TO GOVERNMENT APPROVAL AND THE TERMS AND CONDITIONS OF THE OFFER.

TECHNOLOGY

A problem becomes a quantum opportunity

Clive Cookson explains why electronics researchers are focusing on ultra-small devices

Over the past two decades the electronics industry has reduced the size of components on a typical integrated circuit from ten microns (millionths of a metre) to one micron. *This has led to spectacular improvements in performance* and to reductions in cost and energy consumption.

But the laws of physics mean that a further tenfold reduction in the size of conventional electronic components will not be possible. When a transistor is made as small as 0.1 microns, the electrons which carry the electric current no longer operate as free-flowing particles – and "quantum" effects begin to interfere with normal operation.

These present the industry not only with a problem but also with a tremendous opportunity. Researchers are designing a new range of ultra-small electronic devices which take advantage of quantum effects *to work much more quickly* than conventional components.

Texas Instruments recently announced the development of "the world's first quantum effect transistor" at its Dallas laboratory. *It is 100 times* smaller and capable of switching 1,000 times faster than a conventional transistor.

"Practical applications are about a decade away, but one day we might see a lap-top supercomputer that runs on flashlight (torch) batteries," says George Heilmeier, chief technical officer at Texas Instruments. *"The increase in* performance – and decrease in cost per function – that quantum effect devices promise make comparing them with today's semiconductors like comparing semiconductors with yesterday's vacuum tubes."

Quantum effects begin to come into play when semiconductor materials are laid down in layers, each less than 100 atoms thick. The electrons can no longer move freely in all three dimensions and under this constraint they begin to *behave not only as particles* but also as waves. They occupy specific non-overlapping energy levels and "resonate" when confined to a region the same size as their wavelength, rather like a piano wire or guitar string producing sound at its resonant frequency.

Many quantum effects can *only be described by* mathematical equations, and attempts to explain them in everyday language inevitably sound bizarre. An example is resonant "tunnelling" – a key concept *in quantum electronics* – by which an electron or other subatomic particle can pass through what would be an impenetrable barrier according to the laws of classical physics.

It has been suggested that the phenomenon of "cold" nuclear fusion, announced at the University of Utah last month, is a quantum effect – atomic nuclei joining together as a result of tunnelling.

John Beeby, professor of physics at Leicester University, says that the difficulty of explaining quantum electronics is one reason why the field receives so little attention from the public compared with more glamorous subjects, such as high energy physics which can be visualised in terms of tiny particles smashing into one another at very high speeds.

'One day we might see a lap-top supercomputer that runs on torch batteries'

Despite the lack of public interest, governments and industry are committing substantial resources to research into the "low-dimensional structures" which produce quantum effects. The UK Science and Engineering Research Council has spent £22m on its Low-Dimensional Structures and Devices Programme over the past five years. SERC estimates that 620 scientists and research students are working on the subject in Britain.

There are two techniques for laying down extremely thin layers of atoms in order to make low-dimensional structures. Both require very sophisticated computer-controlled equipment.

Molecular beam epitaxy (MBE) is the most sensitive method and it can be used to make a layer just one atom thick. Beams of atoms or molecules are deposited on a heated surface in a vacuum.

Metal organic chemical vapour deposition (MOCVD) is *a slightly less sensitive but* more versatile technique. Gases such as trimethylgallium and arsine are mixed with a carrier (usually hydrogen) and allowed to flow over a heated surface. There the gases dissociate and deposit the semiconductor constituents as atomic layers.

"Low-dimensional structures have enormous promise for the future, but the practical applications at the moment tend to be in niche markets," says Professor Michael Pepper, who heads the semiconductor physics group at Cambridge University.

The most important commercial application of quantum electronics so far is to produce more efficient semiconductor lasers. *STC, the UK electronics group*, makes powerful military lasers which use quantum effects.

This year STC, at its factory in Devon, will start to produce quantum effect lasers for the new optical media being introduced to store computer data. And the company has a contract from the European Space Agency to develop similar lasers for flashing messages between satellites.

These "quantum well" lasers are based on layers of gallium arsenide four or five atoms (0.02 microns) thick. "The electrons and holes (electron vacancies which act as positive charge carriers) are trapped in very small regions in the semiconductor," explains Roger Gibb, technical manager of STC's optical devices division. "This makes the recombination of electrons and holes, which is responsible for the light emission *in a laser, much more efficient."*

Quantum lasers under development at Standard Telephone Laboratories, STC's research centre in Harlow, will generate many megawatts of energy per square centimetre. "They will be much brighter than the surface of the sun," says Professor Colin Goodman of STL.

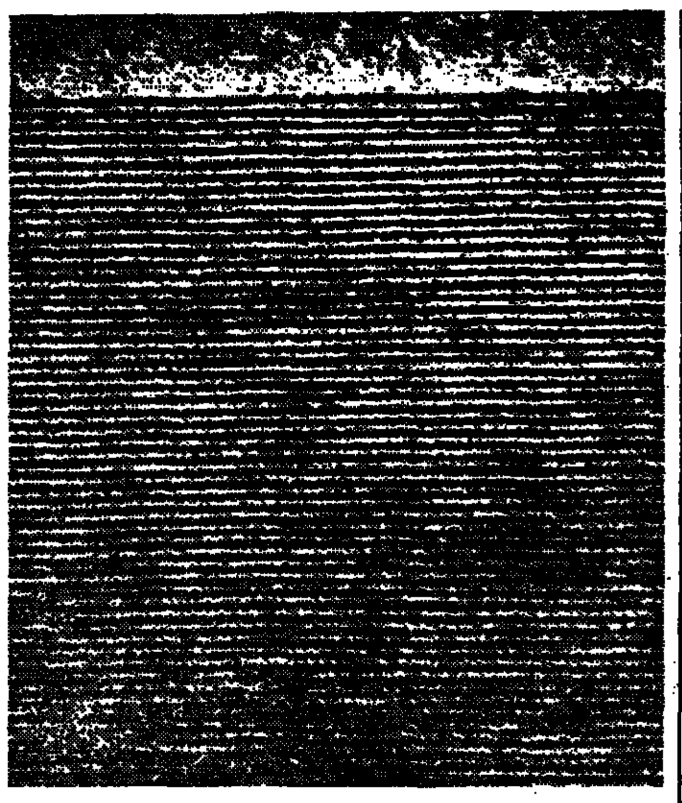
Most development work so far has focused on ultra-thin layers, in which the movement of electrons is constrained in one dimension and free in the other two. But scientists expect to obtain more spectacular quantum effects by imposing restrictions in one or both of the remaining dimensions.

In a "quantum wire" the electrons are free to travel in one dimension. And the ultimate low-dimensional structure is a "quantum dot" or "quantum box" which does not extend for more than 100 atoms in any dimension.

Researchers have made quantum wires by using high resolution electron beam lithography to slice up atomic layers that have been laid down by MBE or MOCVD. And the wires can be divided again to produce quantum dots. But the techniques used so far are not sensitive or reliable enough to make commercial devices.

However, Professor Pepper's group in Cambridge is developing "the next generation" of equipment which will combine MBE and lithography in a single machine. With this, it will be possible not only to produce better quality quantum wires and dots but also to make entirely new devices based on alternating sequences of atomic layers – known as "quantum superlattices" (see photograph).

Researchers at the University of California, Santa Barbara, have taken a quite different approach to quantum wires. Professor Pierre Petroff and his colleagues recently succeeded in making a parallel array of millions of ultrafine wires in one stage by MBE. They grew the wires on the microscopic steps of a tilted crystal surface. The technique works because the atoms, once deposited, migrate and accumulate in these steps – rather like snow drifting across a ploughed field and accumulating in the furrows.



This is a cross-section of a "quantum superlattice" grown at Philips Research Laboratories in Redhill. The image, taken with a transmission electron microscope, shows alternating layers of gallium arsenide and aluminium arsenide. The thickness of each layer is three atoms or about 0.01 microns — 10,000 times thinner than a human hair

Photos from a chip

TOSHIBA, the electronics company, and Fuji Photo Film have made an agreement which should help take the electronic still camera into the consumer market.

The two Japanese companies are working on a product, called the IC Card Camera, in which images are stored in a digital, compressed form in integrated-circuit memory chips, rather than on the two-inch magnetic disk stores of current designs. Both companies believe that the establishment of an industry format in this area is the key to broad market acceptance of the product.

A main aim is a storage capacity comparable with conventional film cameras. It is hoped that the signals coming from the image sensor can be sufficiently compressed to record 50 frames on a 20 megabit card.

It is expected that the card will use Toshiba electrically erasable, programmable, read-only memory (EEProm) devices. These hold data indefinitely without a battery, whereas the prototype cameras developed so far have used random access memory, which needs battery back-up.

Toshiba and Fuji believe that they will achieve picture quality comparable with Super-VHS video and better than with rotating disk storage.

Since the picture information is held in accessible digital form, picture content and colour can be modified. And with no moving parts, reliability is expected to improve.

Foam insulation without CFCs

FOAM plastic for use in the building industry, produced without chlorofluorocarbons (CFCs), has been developed by Cape Phenofoam of Tyne and Wear, in the UK.

CFCs are widely believed to be destroying stratospheric ozone, allowing excessive ultraviolet light to reach the earth's surface.

The foam plastic, which is made in board, slab and block form, is said to be ideal for industrial insulation, particularly in heating and ventilating systems and in industrial plant which calls for lagging.

Known as Capaphen, the material is claimed to react better to fire than other plastic foam products. It generates negligible smoke of low toxicity and also has low water vapour transmission. The thermal conductivity, or "k" value, is 0.03 and the material can be used between -190 and +120 deg C.

Foam plastics account for 18 per cent of the UK's total CFC consumption. In 1987, about 25,000 tonnes of foam plastic insulation containing CFCs was used in UK buildings and nearly 3,000 tonnes of CFCs were used to produce the material.

Guarding against porous castings

A SYSTEM for impregnating castings with resin, to guard against porosity, has been launched by Ultraseal International, of Birmingham in the UK. Porosity reduces the strength of castings, giving rise to stress areas under load.

Called MX, the system has been designed to meet the needs of advanced manufacturing lines, including automatic handling and integrated manufacturing systems. It consists of five stations installed beneath a small gantry crane or an automated transporter system, which will move baskets of castings under computer control.

The stations carry out pre-washing, air removal, impregnation, jet-washing and curing of the impregnation. Each function can be programmed to ensure the best results for a particular product.

Automatic loading and unloading of the baskets can be provided to allow the MX to be integrated into a flow-line. Other treatments, such as phosphating and chromating, can be incorporated.

Tank-like tracks for tractors

A FRENCH company, Colmant-Cuvelier, has developed a system called Kleo that can be fitted to a tractor to give it the gripping power of a heavy-duty construction vehicle.

Made in one piece from reinforced rubber, which is resistant to shock loading, each track is capable of transmitting high torque. Two tracks are fitted, each running round a rear wheel and a supplementary tension wheel.

Acting rather like a tank track, the system greatly increases traction and the rubber track is kept taut by hydraulic rams. Once fitted, the tracks provide a five-fold increase in the area of contact with the ground.

A further advantage is that the tractor's weight is distributed over a wider area, avoiding soil compaction in applications like spraying, or spreading fertiliser.

WORTH WATCHING

Edited by Geoffrey Charlish

Stowaway tail with a big lift

RAY Smith Tail Lifts, of Peterborough in the UK, has launched a model that can cope with a load of one tonne, but can be stowed away under a truck's chassis to take up only the last 1.3 metres of the vehicle's length.

The company claims the unit, called Zoom RS10Z, is at least 100 kg lighter, £500 cheaper and 50 cm shorter than rival products.

It comprises a self-contained, electro-hydraulic lift that rolls in and out on short tracks bolted to either side of the chassis. When retracted under the tail, it does not project beyond the back of the vehicle. Neither does it encroach on the truck's floor structure or entail any alteration to chassis shape. Extended for use, it can lift one tonne from road level to the height of the truck floor.

The Zoom is also available in detachable form — it can be removed in less than 15 minutes.

CONTACTS: Toshiba: Tokyo: 457 2104. Cape Phenofoam: UK, 091 416 1111. Ultraseal: UK, 0675 467000. Colmant Cuvelier: France, 2051 3838. Ray Smith: UK, 0733 46524.

CINEMA

Great acting — shame about the scripts

PATTY HEARST
Paul Schrader

PUNCHLINE
David Seltzer

CROSSING DELANCEY
Joan Micklin Silver

ALIEN NATION
Graham Baker

PARENTS
Bob Balaban

LA LECTRICE
Michel Deville


Natasha Richardson in "Patty Hearst" and Tom Hanks in "Punchline"

Patty Hearst is a fascinating true-life story and should have been a fascinating film. But as directed by Paul Schrader and scripted by Nicholas Kazan, it is a fascinating miss. If only the spirit of Welles's *Citizen Kane*, that fictionalised life of Miss Hearst's grandpappy, had come down from its heavenly Xanadu to bite Schrader's film in an impressionable place.

Patty Hearst, you recall, was the 19-year-old heiress who in 1974 was kidnapped, held captive and possibly brainwashed by lunatic-fringe terrorists. "We are Symbionese if you please" they cried, or might have done, as they crashed into her apartment one February night and hauled her off for a 7-month stint of bank robbery, ransom demands and political propagandising.

First the good news. Hearst is superbly played by Natasha Richardson, daughter of Britain's own one-woman answer to the Symbionese Liberation Army, Vanessa Redgrave. Richardson's American accent could fool all the people all the time, and her early terrors are powerfully convincing. Cowering in a cupboard-prison, she is visited by bullying silhouettes demanding sex, ideological submission or voice-tapes to send to the outside world.

Meanwhile panic visions of her potential fate — a body thrown into a grave — blink through the early scenes in black and white. And Schrader's stroboscopic style, where shadows flicker like bats and light pulses in long, eerie funnels, puts us in touch with the kidnappers' disorientation techniques.

But once Patty leaves her cupboard and joins in with the terrorists, the movie becomes both fuzzy and ordinary. We never know her true motives: we never again enter her mind. All we see, as we potter on from robbery to robbery, is this Hole in the Head gang who when not being amusingly loopy (especially the white member who keeps blacking up, believing that blacks are the only true freedom-fighters) are unamusingly brainless and bellicose.

The film would have picked up if Kazan's unexciting, linear script had been discarded and if Schrader the talented director (*Cat People, Mishima*) had formed a one-man team with Schrader the brilliant writer (*Taxi Driver, Raging Bull*). Then sparks might have flown, a volatile story might deservedly have ignited.

★

Still, better this than David Seltzer's *Punchline*, which tries to bring new life to that old perennial, the broken-hearted clown. But the writer-director's attempt to plant the kiss of life on a story about a two aspiring stand-up comics (Tom Hanks and Sally Field), who find the grief behind the greasepaint in New York's seedy clubland, resembles an asthmatic's attempt to blow up a defective rubber doll.

Scene: "The Gas Station" comedy club. Time: now, or more accurately never. Hanks is the ex-medical student and budding comic genius who falls apart on stage the first time a top TV talent scout comes to see him. Will he recover and come good again? (Of course: this is Hollywood: next question.) Fields is the downtrodden housewife who defies her husband and three children to tread the nightly boards. Will she find her fulfilling moment of glory and applause? (Of course: same answer.)

Performing your heart out to a cold or hostile audience is a frightening experience and one with which David Seltzer, who screenwrote *Six Weeks* and *Table For Five*, will probably be familiar. *Punchline* has one thing going for it: Tom Hanks (late of *Big*), he of the tousled, rubbery charm and fizzing delivery. (Does he shake himself up like a champagne bottle before each take?)

You believe that Hanks could be a great stand-up comic: as you never believe it of Sally Field, all apple cheeks and self-ingratiation. And considering how maturely he handles the tear-jerking scenes, Hanks could even become a great movie actor. But finally he too is defeated by the film's deadly triad: its mushy plot, its muzack music and its determination never to find a truthful middle way between the cute and the cautionary.

★

Cuteness is less terminal in *Crossing Delancey*, though I do suggest an immediate check-up. This Jewish-American folk comedy from director Joan Micklin Silver (*Hester Street, Head Over Heels*) turns a stage play by Susan Sandler into a low-energy, high-saccharin movie. Chestnut-curled, blue-eyed Amy Irving (is she turning into Mary Pickford?: I think we should be warned) manages an Upper West Side bookshop by day and dreams of romance by night. Will it be with famous Dutch author Jeroen Krabbe, a preying Priapus under the Pulitzer facade? Or will it be with handsome pickle vendor Peter Riegert?

Amy's Jewish mother (Reizl Bozyk) clucks and counsels. Amy's boss (George Martin) gazes solicitously at her across his crowded celebrity soirees. And the streets of New York fill up with Sylvia Miles (blousy matchmaker), Rosemary Harris (snooty authoress) and other advanced divas looking for employment. (I most cherished the feather-hatted old bag-lady who comes into a bar one night and sings "Some enchanted evening" to a thunder-struck clientele.)

The movie is sweet-toothed to a fault, and Amy Irving in repose (which is most of the time) tends to resemble a beautiful piece of pottery: poised, glazed and vacant. But there is also much scatterbrained charm. And no one stages better than Ms Silver those scenes where Jewish community life takes on a dottiness all its own. The circumcision party (complete with fainting aunts): or the old people's anti-mugger class, where Mace sprays and high-pitched whistles jostle for favour with the good old-fashioned kick in the shins.

★

A kick in the shins would have no effect on "Newcomers:" or as they are known in the racist slang kicked around in *Alien Nation*, "slags." Slags are extraterrestrials with bulbous heads and piebald scalps who in some unspecified future live in Los Angeles; 300,000 of them having touched down in the desert, a kindly US Immigration has allowed them to stay.

Now look. Drunkenness (the Newcomers get sloshed on sour milk.) Mayhem. Murder. And if detective James Caan is to find the slag who shot dead his partner during a robbery, he will have to team up with the LAPD's first Newcomer to join the force: one "Sam Francisco" (Mandy Patinkin).

Directed by Britain's Graham Baker, this cop thriller cum race-relations fable is merry in concept but mundane in execution. Once past the teasing shock of the make-up — goodness, is that Terence Stamp under a panoply of putty as chief villain? — we are into a routine crime romp complete with buddy-buddy central duo and chase-me-chase-me finale.

A far better fantasy-spiked thriller is *Parents*. Randy Quaid and Mary Beth Hurt are a radiantly normal couple. They live a lovely life in 1950s America with their little son (Bryan Madorsky) and their nightly barbecues. So why is Bryan afraid of the dark, why does the barbecue meat look funny and why is school psychiatrist Sandy Dennis — twitching, tousled and chain-smoking (would you accept a certificate of sanity from this woman?) — so concerned for the boy?

Find out. This hissing horror film puts the "Ssss" back into Suburbia and is a splendid directing debut for actor Bob Balaban. In an Eisenhower America of bobbed skirts and Buddy Holly music, something unspeakable stirs: and Balaban's gymnastic camera soars and slithers in its wake. Late nights only at the Screen Baker Street. But if you pack the cinema, they may give the film a proper run.

★

Elsewhere for your pleasure we have *La Lectrice* and Dutch Film Week. The first is Michel Deville's adults-only tale of a girl (Miou-Miou) who likes to read to the disabled or disadvantaged. She reads best from a prone position — say for argument's sake a bed — and she is often more comfortable after removing the odd article of clothing. With her help, I could have got through *War And Peace* and the complete works of Proust at an early age. Deville's comedy is crisp, poker-faced and subversive: as good as his *Death In An English Garden*, better than his *Paltoquet*.

Holland Film Week (Cannon Shaftesbury Avenue) lays 15 new Dutch films at our feet and lasts for one week from tomorrow. Included: *Amsterdammed, Egg, Iris* and other gnomic titles sometimes accompanied by gleaming films. Check out modern European cinema's leading emergent country.

Nigel Andrews

Awake and Sing!

PALACE THEATRE, WATFORD

Elaine R. Smith

By the standards of his Hollywood exposé *The Big Knife*, or the agonised personal duels in *Clash By Night* and *The Country Girl*, Clifford Odets' 1935 *Awake and Sing!* is gentle, slightly unfocused domestic drama. The opening scene anticipates Neil Simon's recent autobiographical strain, *Brighton Beach Memories* for instance.

Here is a Jewish-American family squashed into a small Bronx apartment in the harsh 1930s, dominated by matriarch Bessie. Husband, Myron, is ineffectual (his wife worked to keep the family while he went to law school), her son, Ralph, frets in Uncle Morty's clothing business, her daughter is pretty, dissatisfied and, we soon learn, pregnant. And her septuagenarian father is sustained by his twin passions for Karl Marx and Caruso — whom we hear in Bizet and Meyerbeer (especially "O Paradiso", something of a symbol of the promised earthly paradise of America) on records that Bessie will in time smash with calculated fury.

Daughter Hennie makes a marriage of convenience to a husband she despises. The matriarch sabotages her son's romance with an unsuitable girl. The old man falls off the roof. And throughout we welcome the abrasive interjections of the play's most interesting character, the war-wounded Moe, bitter, wisecracking and foul-mouthed, but ultimately — and the play is, despite *everything, optimistic* — decent.

The writing works up to a lyrical outburst of rhetorical intensity affecting both Moe, as he prepares to steal Hennie from her stifling marriage, and young Ralph, who a week after the old man's possible suicide, realises his grandfather's bequest of freedom. "I swear to God I'm one week old." It must be admitted that the soaring, sinewy metaphorical style is at its most dated by the time the curtain falls.

If the writing lacks a clear aim, Martin Johns' set echoes the uncertainties, more trendy Clapham than Depression Bronx. The lack of focus tells with Doreen Mantle's Bessie, not deeply enough portrayed to be either monstrous or noble. The intelligent Miss Mantle steers a course between both without really getting more than skin-deep.

Lou Stein's production gets better performances from the men than is strictly proper in a well-run Jewish household. Michael Grandage, as Ralph, Cyril Shaps, as the grandfather, and, especially, Michael J. Jackson, as the cynical Moe, *display vitality and conviction*. Mark Coleman is likeably wimpish — just avoiding caricature — as the unloved husband of Hennie; whom Elaine R. Smith (Daphne in TV's Australian soap opera, *Neighbours*) makes spirited and touching in her frustrations and divided loyalties.

The play is pleasant enough minor Odets. The best was yet to come; this helps fill in the background.

Martin Hoyle

John Aler

WIGMORE HALL

John Aler, a current international mainstay of 18th-century French opera and Mozart, is also a song-recitalist of great polish. His first appearance at the Wigmore, on Tuesday, was an occasion of pleasures both gentle and profuse.

The platform manner is relaxed, concealing (but never at any moment forsaking) a fastidious command of musical manners; Mr Aler's high tenor can manage salon graces or moments of delicate repose every bit as well as the *haute-contre* flourishes he essays in Rameau operas.

He is altogether a cultivated artist, who savours words (his French is particularly well-formed, but his German, Italian, and Russian are hardly less clear and communicative) and binds them into smooth, shapely phrases. *He doesn't* force, or drum up effects for their own sake.

In the opening group of Reynaldo Hahn *melodies* the unemphatic poise of line belonged, one felt, to a singer of an earlier era: certainly, anyone who can float "Tyndaris" with such quiet elegance is a stylist of no ordinary stamp.

Occasionally, in Schubert and later in a closing Rakhmaninov selection, one felt a certain lack of emotional impulsiveness. The temperature failed to rise for the concluding ecstasies of "Ganymede", and Mr Aler's high tenor lacks the warmth of timbre for "Harvest of Sorrow".

The same criticism could perhaps be made of the three Liszt Michelangelo Sonnets (whose order the singer reversed), but the control of gentle reverie developed its own poetic aura, and the voice rose to its high D flats without strain.

It was also a pleasure to hear five American songs — late-Victorian drawing-room in style and sentiment — so finely judged and delivered, with only the hint of a smile for such as Clayton Johns's "I Love, and the World is Mine". Broad send-up would be easier, but not half so enjoyable.

Mr Aler should be persuaded to give regular London recitals — but from now on, please, in the company of a classier, less clumsy and heavy-fingered pianist than Michael Cordavana.

Max Loppert

Haydn's Creation

FESTIVAL HALL

Simon Rattle's recent South Bank performance of Schoenberg's *Gurrelieder* still rings in one's ears; and yet his account of *The Creation* on Tuesday, this time with a carefully reduced London Philharmonic, had equally magnificent peaks. The large London Philharmonic Choir had a lot to do with that, of course, not to mention Haydn himself.

Still, *The Creation* — despite the initial "Representation of Chaos," which predictably Rattle made deep, dark and fraught — is essentially innocent and cheerful, less dramatic than any late Haydn Mass. It was the conductor's masterly pacing of the work, number by number, with most of them kept beautifully down to scale, that allowed the full-throated paeans to soar. The choir were at their *brightest* and most alert.

The LPO players relished their pictorial turns as much as Rattle did; Haydn took an uncharacteristic delight here — or, who knows, perhaps a long-awaited opportunity — in supplying musical cartoons of all the fauna as God creates them. Invidious to mention particular turns: the flutes, however, who got the entire aviary, were witty and mellifluous in solo, duet and trio. But the scoring is rich in less obvious inspirations, and Rattle set them out with the utmost clarity and tenderness.

The parts for the three soloists in *The Creation* are crucial, especially when sung in the language of the audience (Haydn nearly set the original, anonymous English libretto, but settled for a German version which could then be back-translated). For the specific and very period-bound *tone* of the piece has to be captured faithfully and maintained: pious, naive and sweet, but everywhere robust, and eager in pursuing the simple narrative. Philip Langridge caught it to a nicety, and Arleen Auger's current manner — sometimes thought a bit unforthcoming in dramatic music — could hardly be better-found than in this work: without sophisticated airs, she sang with delectable elegance. But there was also the bass David Thomas, whose highly individual style proved uncannily apt in a part which makes him first God, and later a uxorious Adam. His faultless diction, and still more his telling declamation, drew extraordinary things from his music, and one was deeply persuaded by all of them: a marvellous study

David Murray

Missa Solemnis

BARBICAN HALL

Of all the major choral works it is arguably Beethoven's *Missa Solemnis*, brought into the world after a long and difficult period of labour, that one least wants to see become an everyday experience. To hear, in a matter of weeks, two and a half performances of it, if one counts Marriner's revival of the Mass's partial premiere, would certainly have seemed too many.

It is, therefore, a tribute to Jeffrey Tate and the English Chamber Orchestra that their performance on Tuesday should have been so compelling. No doubt a forthcoming recording, to be made over the next few days, helped. But for Tate himself the *Missa Solemnis* would in any case seem to be a central work.

In true Germanic style he builds his orchestra from the bass line up, just as Jochum used to, and uses that foundation to create a Beethoven sound that is strong and muscular. If on some occasions in the past his performances have given the impression of being solid and not much more, that was not however the case here.

The "Quoniam" and "Credo" were both announced with affirmatory fervour and the chorus work generally went with plenty of energy. Though it may be a kind of interpretation that never allows any cloud of mysticism to settle over the score, that did not mean any lack of emotional engagement, especially when Tate was accompanying the mezzo Waltraud Meier.

Since we last heard this voice in London, it has become voluminous in size, deeply passionate in timbre. The Wagnerian portamentos as she let feelings overflow at "passus et sepultus est" may not be to all tastes, but how she made the words tell. Then again, in the "Agnus dei", it was Meier who fired the music with an emotion that seemed to sweep both Tate *and Carol Vaness, the marvellously* secure soprano, along with it.

The other soloists were the lighter tenor of Hans-Peter Blochwitz and Hans Tschammer, an able bass, while the somewhat augmented Tallis Chamber Choir sang with an almost total absence of the strain that is so often the root of weakness in performances of this work. The recording should go well.

Richard Fairman

SALEROOM

Profit for Pension Fund

After the tremendous success of its sale of 25 Impressionist and modern works of art at *Sotheby's on Tuesday evening* the British Rail Pension Fund is crowing about the foresight of its investment in art during the 1970s. The auction brought in £38.35m, which, even allowing for various commissions to Sotheby's, leaves the pensioners with over £30m as against the £3.4m the Fund paid for the art a decade or so ago.

After all expenses (and VAT) the pictures yielded a cash return of 20.1 per cent per annum, showing a real return, after inflation is taken into account, of 11.9 per cent. If the Fund had invested its £3.4m in Equities rather than art at the same time its portfolio now would be worth around £20m, a return after inflation of 7.5 per cent a year.

In all the Fund spent £40m on art, and has now disposed of around a quarter of its 2,700 items by value. The success of the Impressionists has greatly boosted its return to date, lifting it to 6.9 per cent after inflation, which suggests that art was a better buy than either gilts or property. All told the Fund has now brought in £59.7m net from selling off its holdings, and the next important auction, of Chinese ceramics, is scheduled for Hong Kong in May.

No wonder then that Mr Maurice Stonefrost, chief executive of the Fund, should say yesterday "we are satisfied with the results of the sales so far." The highlights were Renoir's "La Promenade", which sold for a record £10.34m to the London dealer Baskett & Day (the Fund paid £682,000 for *it in 1976) and the £6.71m for a* Monet view of Venice which was acquired for £253,000 a decade ago. In the general auction which followed a Gauguin Tahitian scene was within estimate at a record £6.6m.

Jean Fabris, the Frenchman who is trying to stamp out fake Utrillos, had little luck at Sotheby's yesterday. The saleroom was disposing of seven works attributed to the artist but M Fabris was escorted out when he attempted to disrupt the proceedings. Unlike at Christie's on Tuesday all the paintings subsequently sold, often for higher prices than their forecast. A Japanese bidder paid £297,000, as against a top estimate of £180,000, for a view of *the Rue St Rustique*.

Undoubtedly there are many fake Utrillos around: he was prolific; led a disorganised life; and is easy to copy. But Mr Fabris' belligerent tactics do not seem to have unsettled *prospective buyers*.

The auction of second division Impressionists did remarkably well, with a total of £9.6m and only 5.7 per cent unsold. There was a record price of £330,000 paid for a work, "Les Baraques," by Henri Le Sidaner and £154,000 for a seascape by Henri Moret. A rather boring Monet of cliffs sold for £352,000 and a Marie Laurencin of two girls went to Japan for £341,000.

Antony Thorncroft

ARTS GUIDE

March 31-April 6

EXHIBITIONS

London

The Royal Academy. Italian Art in the 20th century: after German and British, the third in the Academy's roughly biennial sequence of major national surveys. Until April 9; sponsors Alitalia and Fiat.
The Barbican Art Gallery. The Last Romantics. A fascinating study of the romantic, symbolic and decorative strain in British painting, that links Burne-Jones and the later pre-Raphaelites to Stanley Spencer and the Slade muralists of the 1920s. Daily until April 9.
The Whitechapel Art Gallery (in collaboration with the Fundacio Joan Miro, Barcelona). Joan Miro: Paintings and *Drawings* 1929-41 — a study of the purest and most abstracted of the Surrealists through the period of transition from his earlier, directly figurative work. Daily except Mondays until April 23 — sponsored by Citicorp/Citibank.
The Hayward Gallery. Leonardo da Vinci: Artist, Scientist, Inventor. The most comprehensive exhibition ever staged of the drawings of Leonardo, including 88 from the Royal Library at Windsor. Daily until April 16.
The Hayward Gallery. La France: Images of Women and Ideas of Celebration of France, the Revolution Revisited. The exhibition is an odd and delightful anthology of images of that sometimes seductive, sometimes daunting personification of La France, Marianne, as she has been has been depicted in French art over the two centuries. Daily until April 16: then on to the Walker Art Gallery, Liverpool, May 3 to June 11.

Paris

Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Closed Tue. Late opening night Wed. Ends June 26 (42895410).
Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from all over the world form an important retrospective of the legendary *peintre maudit*, influenced at first by the impressionist Pissarro and later by Degas and Cezanne. Until April 24, closed Tue; late closing night Wed (42 96 58 30).
The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums.
Open 9am-6pm, Mon and Wed until 9.45pm, closed Tue.
Musée Jacquemart-André. Russian historical costumes. Leningrad's Hermitage Museum has lent 200 exhibits from its treasure trove of historical costumes dating from 1700 to 1914. Some 50 portraits complete the exhibition. 158, Bld Haussmann, 12 noon-6.30pm; ends May 31.
Musée des Arts Decoratifs. The intimate world of Alexander Calder. some 300 works, most of them gifts to family and friends and, as such, exhibited for the first time, show the inventiveness and sense of humour of the sculptor. Until May 21. Closed Mon and Tue (42603214)
Musée d'Orsay. Paul-Emile Miot's photographs from Tahiti 1869-1870 show the melancholy reality behind Gauguin's dreams of an exotic paradise. Closed Mon, ends April 23 (40494814).
Musée du Luxembourg. Treasures of Gallo-Roman Silverware. The splendour of Roman silversmiths' work is brought to life by the rich finds on the territory of Roman Gaul. 19, rue de Vaugirard (42342595). Closed Mon, ends April 23.
Musée de Cluny. Medieval art in Paris. The abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman baths. Place Paul-Painlève, Métro Odéon. Closed Tuesdays and lunchtimes.

Brussels

Palais des Beaux-Arts. Art Deco in Europe. Tues-Sat, closed Mon. Ends May 28.
Musée Royaux d'Art et d'Histoire. Tibet — Terror and Magic, sculptures and paintings of lamaist gods on loan from the Musee Guimet, Paris. Closed Monday ends May 14 (733.9610).
Banque Bruxells Lambert. Women at the Time of the French Revolution - daily, ends may 15. Galerie CGER. The Heritage of the French Revolution 1794-1814. daily ends June 11.

Frankfurt

'Je Suis le Cahier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour. Ends May 28.
Schirn Kunsthalle und Kunstverein, Am RömerbergProspect 89. Peter Weiermair director of Frankfurt's arts association has again chosen a wide variety of artists with around 80 painters and sculptors from 15 different countries for this year's Prospect 89. Ends May 21.

Vienna

The Bank für Arbeit und Wirtschaft. A large and varied exhibition of paintings and water colours by George Eisler, one of Austria's best known painters, is on show. Eisler left Vienna during the War, lived in Manchester but was one of the few artists to return. Ends April 20.
Secession. There is always some exhibition by Austrian artists on show here. But it is also worthwhile to go downstairs and see Klimt's Beethoven Frieze, which has been restored to its original place.
A New Art Gallery, run by the state-run Leanderbank, makes its debut with what is expected to be an exciting exhibition on Egon Schiele, one of Vienna's greatest *fin-de-siècle* artists.
The Kunstforum, a new art gallery run by the state-run Leanderbank, makes its debut with the Leopold collection, a Viennese who bought several paintings by Egon Schiele, one of the leading lights of Vienna's fin-de-siecle, for next to nothing in the 1950s.

Rome

Palazzo Braschi. Views of Rome by Giambattista Piranesi: 93 engravings by Piranesi and contemporaries (including his son, Francesco and his maestro, Giuseppe Vasi) covering the years 1745 to 1778 at a magical period in the city's history. Until April 25.

New York

Pierpont Morgan Library. Master drawings borrowed from Holland's oldest museum, the Teyler in Haarlem, focuses on work by Michelangelo, Raphael, *Golzius*, Rembrandt and Guercino among 100 pieces from the 16th and 17th centuries. Ends April 30.
Museum of Modern Art. In advance of its arrival at London's Hayward Gallery in November, the first retrospective of the work of Andy Warhol since 1970 surveys all his work from the 1960s, covering the Campbell's Soup cans, silkscreens on canvas of Elvis, Jackie Kennedy, Marilyn Monroe and other movie stars, disaster paintings and numerous self-portraits. Ends May 2.

Washington

National Gallery of Art. Cézanne: the Early Years. Already seen at London's Royal Academy of Art and the Musée d'Orsay in Paris, the exhibition comprises 65 oils and 35 drawings showing Cézanne's proto-impressionist techniques from 1859 to 1872. Ends April 30.

Chicago

Art Institute. As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7.

Tokyo

National Museum. Screen Paintings of the Muromachi Period (1334-1573). The Muromachi Period corresponds to the Renaissance in Europe and much of its art was produced under the influence of Zen Buddhism and of Chinese ink painting of the Sung and Yuan dynasties. Closed Mondays.
National Museum of Western Art. Masterpieces from the Vatican. A somewhat random selection of paintings and sculptures, chosen to demonstrate the development of western art from ancient Greece to the Renaissance as well as to present the architecture of the Vatican itself. Closed Mondays.
National Museum of Modern Art. Odilon Redon. A major retrospective featuring more than 200 paintings, prints and drawings by the great French Symbolist. Closed Mondays.
Hara Museum, Kitashinagawa. Hara Annual IX. Recent works by ten young and upcoming Japanese artists: an opportunity to view trends and developments in contemporary Japanese art. Closed Mondays.
Grand Gallery, Odakyu Department Store, Shinjuku. Ancient Greece and Rome. Sculptures, ceramics and other art works, depicting the gods and goddesses of classical myth, on loan from the State Museum of Ethnology in Leiden, Holland. Closed Tuesday.

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Thursday April 6 1989

The lessons of Recruit

IT HAS BEEN quite a week in the life of machine politics worldwide. On Tuesday in Chicago, Mr Richard Daley reclaimed his eponymous father's old mayoral fief, mainly because, in the 13 years since his father died in harness, the city has been poorly run. Yesterday, in Tokyo, Mr Noboru Takeshita, the Japanese Prime Minister and pure product of a political system much like the elder Daley's, apparently stood at bay, confronted by new charges that he had taken money not once but twice from the insidious and ambitious Recruit Cosmos company.

It is hard not to feel sympathy for Mr Takeshita. The system in which he has spent his career has served Japan well in the post-war years. Real policy may well have been made mostly by the bureaucracy and the business community, but politicians played an important role in keeping the show on the road, reconciling conflicts and generally making sure that the country enjoyed much of the substance and all of the trappings of democracy.

Individual politicians rarely have seemed to make a big difference. Of recent prime ministers, only Yoshida, Tanaka and Nakasone can be said to have been truly distinctive. But sometimes one has been called on for a particularly difficult task. This was Mr Takeshita's charge in getting enacted an important tax reform bill, which he duly accomplished late last year by adept use of precisely those insider's skills learned at the traditional political wheel.

All his reactions to the Recruit affair have reflected either bewilderment that the rules of the game have suddenly changed or a conventional desire to point the finger of responsibility at others, mostly at Mr Nakasone, still a political rival. This is at least understandable.

Heavy casualties

For though Recruit seems to have operated on a scale that dwarfs previous influence peddling and though its cull of casualties is unusually heavy, its methods were no different from those tolerated and condoned by most elements of Japanese society for many years.

So it is no surprise that Mr Takeshita has expressed neither outrage nor remorse, simply because neither would probably have occurred to him. More likely his experience under Mr Tanaka would persuade him to ride out the storm.

Too insular

It would be wrong to conclude that Recruit shows that there is something inherently rotten in the state of Japan. On the contrary the problem with the Japanese political system is that it has been too insular and impervious to outside ideas.

Yet Recruit has consumed Japan in a way that previous scandals, even Lockheed, have not. The obvious explanation must lie in the fact that Japan itself may be changing more than its establishment had recognised. Inequalities, mostly wealth-based, have begun to appear: the new value added tax compounds this by being regressive; important parts of the Japanese media, once integral members of the establishment, now seem disaffected; the independent prosecutor himself has proven to be uncharacteristically independent; finally, the Japanese may be getting bored with their lot and with their complaisant political leadership.

This suggests that Japan is seeking, perhaps still unconsciously, a different sort of political leadership able to confront different sorts of challenges, many of them now international. For all its managerial talents, the bureaucracy is not creative, while, for all their faults, politicians can be.

The Liberal Democratic Party machine is creaking, as was Mayor Daley's in Chicago towards the end. The siren song of the left does not attract but the voices of the nationalist right are growing louder. So, in looking beyond Mr Takeshita, as is surely now necessary, the LDP, for reasons of self-interest and the national good, should be looking for new approaches. Fresh laws regulating political finance, even necessary electoral reform, will help, but not unless reinforced by a younger generation of political leadership. They exist inside the LDP's own ranks.

Penal policy for the 1990s

THE BRITISH Government is keen to promote the use of non-custodial sentences. This is partly a reflection of its inability to build prisons fast enough to keep pace with the inflow of new prisoners. But it is also a belated recognition that prison is often not an effective form of punishment. It reduces, rather than enhances, offenders' sense of responsibility and does little to deter future crime. The future of penal policy, as the Government conceded in a green paper last year, lies in the development of community-based forms of punishment, which require offenders to face up to the consequences of their actions.

But there are several stumbling blocks. The most serious is that magistrates and judges appear to have little confidence in non-custodial sentences for adult offenders. Probation and community service orders are seen as soft options, suitable for non-serious offences. In recent years they have been used mainly as a substitute for fines rather than as an alternative to prison. The lack of reliance on non-custodial sentences partly reflects the climate of the times – the emphasis on retributive justice – but it also appears to demonstrate a lack of confidence in the probation service, which historically has been the main agency for supervising offenders in the community.

New agency

Some proponents of community-based punishment favour the creation of a new agency. The probation service was established in 1907, not to punish people, but to "advise, assist and befriend offenders." Its origins lie in the religious and voluntary movements of the 19th century. Probation officers are trained social workers; many place considerable emphasis on the sociological factors which tend to *accompany crime* – *broken* families, homelessness, high unemployment, low levels of literacy and numeracy and so forth. It would be unwise, runs the argument, to rely on the probation service to supervise more intensive forms of punishment in the community.

The Audit Commission, which published a detailed analysis of the probation service yesterday, is not impressed by this line of argument. The probation service, it believes, is better placed than any other organisation to spearhead the creation of constructive alternatives to prison. Indeed the Commission goes out of its way to praise the "striking variation of schemes in operation, and the vision, creativity and imagination going into much probation practice." But if the service is to discharge new responsibilities effectively, it will need to refocus its activities, develop new skills and establish more robust management procedures.

Good practice

One priority is to evaluate the impact of schemes more carefully and then ensure that good practice is disseminated throughout the service. At present, there is little hard evidence on what types of supervision are most effective in reducing the risk of re-offending. There are also big variations in expenditure in different probation areas: spending per head varies by a factor of two and spending per indictable offence (which allows for differences in regional crime rates) by a factor of four. The combination of big variations in expenditure and lack of knowledge about outcomes is reminiscent of the difficulties facing would-be reformers of the National Health Service.

The probation service's "market share" has risen from 9 per cent of sentences in 1977 to over 16 per cent in 1987. The Audit Commission is right to argue for a further expansion in the probation *service's role* – and one that involves a reduction in the use of custodial sentences. But the ease with which the probation service can evolve from its old social work background remains unclear, as does the balance which should be struck between *punishment in* the community and rehabilitation.

The dilemma is that the courts are only likely to have confidence in policies which emphasise retribution, while the historical evidence suggests that punishment for punishment's sake is not a cost-effective policy.

Norma Cohen examines local councils' borrowing from banks

Friendly dealings turn sour

When the London Borough of Hammersmith and Fulham announced last month that it would not pay millions of pounds owed to banks under interest rate swap and options contracts, it brought to the fore an issue that has been simmering away in bankers' minds.

The affair has thrown open the whole question of the relationship between local government and its bankers. And it poses the thorny question of the extent to which central government is obliged to stand behind the debts of local government, even if it disavows those obligations.

Bankers who have been happily lending money to local authorities for years are growing worried that Whitehall would like them to limit the practice, if not cut it out altogether. That lending, they conclude, may have allowed local councils to spend money in ways that are at odds with Mrs Thatcher's view of the appropriate role of government.

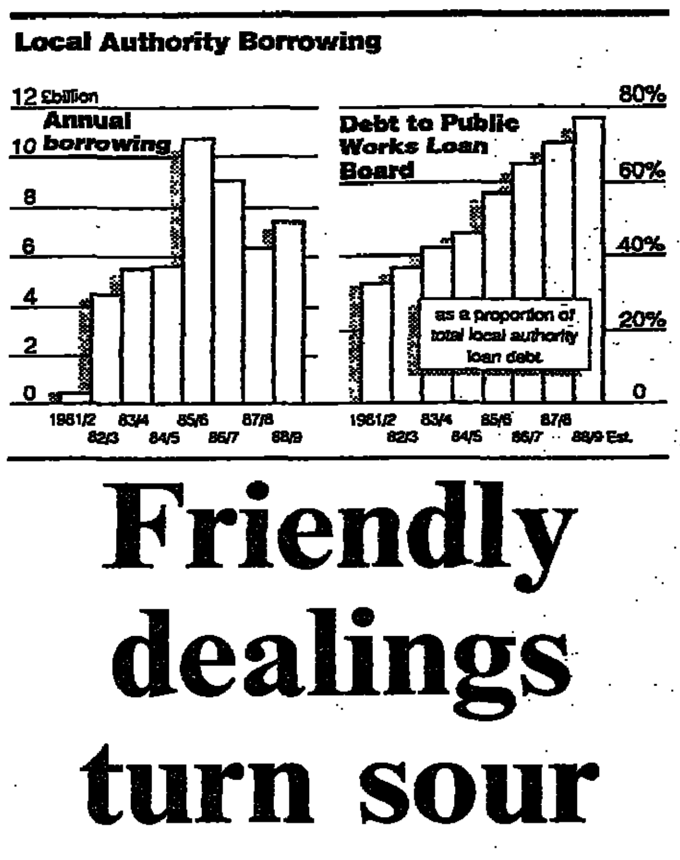
Indeed, some argue privately that that was precisely what Nicholas Ridley, the Environment Secretary, had in mind when he refused to sanction payments by Hammersmith to its bankers, forcing councillors to choose between honouring their debts and being surcharged and disqualified. Since then, virtually every other authority has had to seek the advice of its own lawyers about which swap and options contracts, if any, could be paid. So far, Blackburn, Ogwyr and Harlow public authorities have said they are withholding payments for similar reasons.

Over the years, banks and local authorities have developed a symbiotic relationship which has proved profitable to both. Not only have authorities provided a low-risk, reliable source of loan demand – paying interest rates somewhat higher than top-rated UK corporations – they also periodically deposit funds with banks when they are flush with cash.

For their part, banks have agreed to trade a variety of sophisticated financial instruments with local authorities, helping to reduce the councils' interest rate risk – and yield them fee income. It is this last part of the relationship that bankers feel has proved most objectionable to Whitehall.

For its part, the Department of the Environment (DoE) denies it is unhappy with bank lending to local authorities. "If it serves the best interests of rate payers, then it is all well and good," a DoE spokesman said. But clearly, there is a gulf between councillors' views of their rate payers' best interests and the views of the department.

Beginning in 1982, Whitehall has sought to limit councils' borrowing from banks, initially more because it inflated the M3 measure of the money supply than out of any philosophical objection to how the funds were used. To discourage bank lending, the Government has been making more funds available, on less restrictive terms, from the Public Works Loan Board, which now provides 77 per cent of all council borrowing (see chart).



The sale of council houses and other facilities has also brought an influx of funds into many authorities, reducing the amount they need to borrow for capital projects.

"Local authorities need banks now less than ever," said Charles Dobson, deputy manager of capital markets at Sterling Brokers.

Still, for very short-term borrowings (less than one year) local authorities must turn to the public money markets. These provide the cash flow used to tide them over in between receipts of rates and central government grants.

And the real catch, as Loan Board officials readily acknowledge, is that its lending, while at very attractive rates, comes with strings attached. For instance, it can only be used for capital expenditure, and the Public Works Loan Board has the authority to inquire into the purpose of the loan.

There's the rub. Because what local councils really want – and what they are effectively being denied by recent restrictions on spending – are funds for day-to-day expenses, not capital projects. Swaps and options generate fees that can be used for current day spending; and some transactions have been accounted for in ways that allow councils to defer expenditures into later years, thus allowing more money to be spent right away.

The central government has already been successful in halting the use of swaps and options by local authorities. Since the DoE's announcement that it could not sanction any payments to banks made under existing contracts, not a single council has been able to enter into a new agreement.

And while no major bank has yet publicly announced that it intends to stop all forms of lending to local authorities, there is anecdotal evidence that some lines of credit are already being scaled back. For instance, the Lancashire Borough of Blackburn, *one of the* four boroughs that has had to withhold payments to banks, was turned down last week by the first three banks whom its brokers approached for money market borrowings. Ultimately, the authority was able to obtain the funds, but from another council.

The affair may also be troubling non-bank creditors who worry whether the authority had the legal right to sign their contracts as well.

Hammersmith's auditors are preparing to file next week for a high court hearing on whether the contracts were *ultra vires* – outside the council's jurisdiction – and consequently unenforceable by the banks. There are no rules specifically barring the use of interest rate swaps or options, and indeed, councils are allowed to undertake actions to reduce interest rate risk and manage debt.

But Hammersmith, which at one time had swap and options contracts outstanding with a notional principal amount of about £5bn, allegedly went well beyond that. Its auditors are expected to point to the council's total actual debts of about £350m (by February) and argue that Hammersmith had in effect turned itself into a trading firm, and as a result, the swaps and options contracts were illegal.

Sources familiar with filings being prepared by both the auditors and the council say Hammersmith does not intend to contest the argument that the swaps were *ultra vires*.

Legal opinion on the matter generally agrees that those unfortunate institutions which entered into *ultra vires* contracts have no right to expect payment. In the case of swaps and options contracts, this could add up to several hundred million pounds spread among 60 to 70 bank creditors.

All of this has bankers furious. A group of banks has formed a steering committee under the aegis of the British Bankers Association, and retained the law firm of Clifford Chance. It is expected to ask the judge in the Hammersmith case for permission to join the action.

It will argue that banks had no way of knowing the contracts were illegal; most were placed through money brokers and the bankers had almost no direct contact with the councils themselves.

Indeed, the Bankers Association committee has warned the Bank of England that should its efforts to collect from the local authorities fail, its members will probably sue the money brokers – for which the Bank of England is lead regulator.

The Association also argues that aside from a few vague warnings about how certain swap contracts were not appropriate for councils, neither the Audit Commission nor the DoE ever told banks of the legal hazards they posed.

And the Government's insistence that it does not vouch for the debts of local authorities simply cannot be taken at face value, some bankers say.

Beyond that, bankers say, is the fact that local authority law does not require lenders to ask about the propriety of any loan – even if the funds are to be used for clearly questionable activities. "They could be borrowing money to buy a string of brothels in Nevada and it wouldn't matter," said a swaps chief at one UK clearing bank. The Local Government Act of 1972 says: "A person lending money to a local authority shall not be bound to inquire whether the borrowing of the funds is legal or regular or whether the money raised was properly applied . . ."

But Whitehall has issued repeated warnings that it will not stand behind local councils' debts and that lenders and contractors should be forewarned. And in light of the widely publicised ratecapping of local councils and surcharging of council officials, it is clear that many banks took the warnings seriously. Several, including the major UK clearers, had long ago adopted a policy of not conducting business with ratecapped councils.

Indeed, local councils such as Hammersmith learned to capitalise on their reputation as well managed boroughs by charging other councils a spread when acting as an intermediary on their behalf. Three of the four councils that have halted payments on swap and options contracts had been acting as intermediaries for their less creditworthy counterparts.

Bankers say that their long-term goal is to force the high court and Parliament to codify the legal status of lending to local government, clearing up the ambiguities that exist in current law and in practice. The British Bankers Association has sought the aid of the Bank of England in lobbying Whitehall for changes in the local authority finance bill now pending before Parliament that will clarify which loans are legal and which are not.

For without that clarity, how can any lender go on doing business with local government?

BOOK REVIEW

Gloriana Imperatrix

ONE OF US
By Hugo Young
Macmillan London. £16.95

Books and extended essays about Mrs Margaret Thatcher are becoming two a penny (or, in this case, one for £16.95) but while the salient facts are common to most of them, they are not all the same. Group them in little piles. One one side there is your basic hagiography, of which we will receive more, no doubt, as the tenth anniversary of Britain's first woman Prime Minister is celebrated on May 4. On the other is your outpouring of vitriol, venom and spite, of which, I am sure, there will be further examples at around the same date. Mr Young's book is closer to the latter than to heroine-worship, but, in truth, it fits into neither existing pile. It is, simply, different.

This is not to say that it lacks a point of view. Mr Young's professionalism obliges him to analyse each event with objective care, while his evident disapproval of Thatcherism shines through. He acknowledges his subject's successes, *but, naturally*, he does not accept Downing Street hype. He is particularly strong on the Prime Minister's failings. This can upset the balance of the argument. For in some passages Mr Young comes across as an author who, writing of a laboratory rat, holds it by the tail, wrinkles his nose, and describes with evident distaste the physiognomy of what he beholds. The effect is curious: you might agree with more than half of what he says, yet find that his tone can induce sympathy for Mrs Thatcher where the intended effect might have been the opposite. Do not mistake my meaning: this book is well written, an easy read. It is just that it is sometimes, shall we say, a touch fastidious.

Mr Young's Thatcher is a hardworking, intelligent, middle-English woman. She is possessed of a strong sense of moral rectitude, which on its own would no doubt have curtailed her career at an early stage. It is therefore her good fortune to be imbued with a second, parallel, characteristic – a streak of pragmatism without which the necessary compromises and stratagems of politics would be impossible. Rectitude became stubbornness on many important occasions. This served her well, but so did the politician's canny sense of how to get out of a tight spot. The moral sense, the feeling that she can discern what is right and stick to it, was learned at her father's knee. The combativeness, the need to win every argument, may have come later.

Two of the most fascinating pages in Mr Young's account of her progress to her present state of dominance are entirely composed of photographs. Start at the bottom right, just above the caption "Gloriana Imperatrix", and you will find the dignified elder stateswoman of today; move the eye backwards to the top left, across the several faces of bossiness, and there is the eager young woman, a brand-new member of Parliament, of thirty years ago. Mr Young's account confirms that the raw material for this metamorphosis was present from the beginning, but on my reading of it, her growth into international stateswoman was bestowed on her by historical circumstance. If it is likely that nobody other than Margaret Roberts could have done it then it is as likely that Miss Roberts could not have done it at any other time.

The series of accidents that led to her emergence as Conservative Party leader after the downfall of Mr Edward Heath has often been chronicled. But fate made many other contributions. The incompetence of the 1974-79 Labour Government was one. Another was the *devastating* split that led the social democrats out of the Labour Party. Mrs Thatcher's stock rose sharply as a result of victory in the Falklands (Mr Young is rightly merciless about the Whitehall errors that made that war inevitable); when it fell, to a nadir, at the time of the Westland scandal, she had the good fortune to be let off the hook by the Labour leader, Mr Neil Kinnock.

She has always been willing to pay the price of her policies, however harsh. Mr Young writes that "she would watch British hostages rot in the undiscovered cells of the Hezbollah with as much indifference as she permitted Sands and his fanatic friends to die in Long Kesh." He cannot know her inner feelings on these matters, but the refusals to compromise with hostage-takers or hunger-strikers are well established. Can it be said that she is wrong in either case?

The value of Mr Young's account lies in its essential iconoclasm. Mrs Thatcher is a politician, not a superbeing. She is human, not a goddess. The author's character portrait is particularly clear about this. Its account of the importance of both her father and her husband reads well. The value she places in people – if she respects and likes them – is convincingly described. This is what I wanted to read about; after all she is the Prime Minister of a middle-rate power, not Dame Edna Everage.

You may not agree with all of Mr Young's judgements. You may wish that this or that had been differently expressed. You may regret the political, as opposed to the economic, emphasis of his book. Yet his effort to examine the record of a normally fallible individual in a professional manner is a necessary antidote to blind sycophancy.

Joe Rogaly

OBSERVER

Russian with charm

■ The last time I saw Valentin Falin he was the Soviet Ambassador in Bonn in the early 1970s. Even then he was breaking new ground. A tall, *handsome, charming figure*, he seemed to take it upon himself to go round persuading members of the Bundestag to vote for Chancellor Brandt's eastern treaties. The open way in which he did it was unprecedented for a Soviet Ambassador at the time.

Falin is now in London along with President Gorbachev. He is also a kind of shadow foreign minister. He heads the central party department for international relations and, as such, looks after the broad strategy of Soviet foreign policy.

Falin said yesterday that he decided he wanted to stop working primarily for the foreign ministry, and switch to directing party policy, around 1973. But it took some time for the message to get through. He was Ambassador in Bonn for seven years, four months and three days, outlasting four French and three British counterparts.

He says that he had his doubts about Andrei Gromyko, the former long-serving Soviet Foreign Minister from about 1953. Gromyko could be a difficult man, not used to being contradicted in argument. He was also pro-American: not, Falin adds, in the ideological sense, but in thinking that diplomacy was best conducted through the great powers.

Falin first met Gorbachev, then a little known figure, in Bonn in 1975 at a visit arranged by the German Communist Party. He says that he noticed then that he had an unusually open mind and wondered what would become of him.

In the Falin view, Gorbachev came to power 10 years too late. The rot set in the mid-seventies when President Brezhnev was too ill to cope, and his successors were too old and incapacitated. Also the end of the Nixon-Kissinger period in the US was a blow to Soviet foreign policy. Moscow could not adapt to the new priorities set by President Carter, nor the early Reagan.

Now Moscow is looking to western Europe as a whole – not just Britain – as well as the US for responses to Gorbachev's policies. The key question no longer seems to be arms control. There are also the environment and the economy. According to Falin, Gorbachev would dearly love an assurance from Britain and the US that a Soviet application to join the IMF would not be rejected.

Falin prefers to speak German. In fact, his English is good. He knew Margaret Thatcher before she was Prime Minister and describes her as a "very beautiful lady". He has kept his charm.

Badly packed

■ One of the reasons why some of the Abbey National voting forms have gone astray, I know from experience, is that the papers have not been put properly into the envelopes. There is a printed address inside the envelope which does not show through in full. The result is that the postmen have sometimes put several through one letter box. Only when you open them do you discover they are for someone else.

Nostalgia

■ Everyone will have their own memories of London on April 5 1989. After one of the mildest winters on record, there was rain, sleet and snow, an underground strike to boot, too many tourists getting in the way and too many police preparing for the Gorbachev visit. At home for some reason there was no hot water and my daughter, preparing to cross the Channel for the first time by herself, had to go Portsmouth-Le Havre because of industrial action on the Newhaven-Dieppe route. As it happened, it was the French, not the British, seamen playing up. Otherwise it was just like the old days.

"My horoscope warned me my cordless 'phone would get damp today."

New style Arab

■ Iraqis have been puzzling in recent weeks over their president's new clothes. Used to seeing Saddam Hussein in military uniform, Arab robes or civilian suits, they have lately been treated to pictures of him sporting a jaunty Tyrolean hat and breeches. The explanation may lie in the recent patching up of a bizarre feud within Saddam's family.

Last October, Saddam's eldest son Uday, by all accounts a somewhat overbearing young man, was arrested for the murder of the president's food taster during a drunken quarrel. Subsequently released from jail, he was quietly exiled to Switzerland along with his mother Sajida, who also happens to be the sister of the Iraqi Defence Minister. There was talk of a rift in the tightly-knit group of relatives and retainers surrounding Saddam.

Now Uday and his mother are back, and all is apparently sweetness and light. The other day Iraqi television showed Saddam Hussein – Tyrolean outfit and all – on a visit to the port of Basra, followed by a friendly family fishing excursion nearby. Though nobody can be sure, the word is that the breeches and hat were a present from Sajida, bought during a shopping trip while exiled in Geneva.

Wrong place

■ Soviet perceptions back home of Mikhail Gorbachev's travels are not always quite as intended. Take his brief stop in Shannon and talks with Charles Haughey, the Irish Prime Minister. The sudden summit was given top billing on Soviet television, with the first 20 minutes of the evening news: Haughey's greeting in full, Gorbachev's response and scenes of Raisa visiting the Bunratty folk park, complete with Irish children in 19th century costume.

Judging by the viewers' response, they might not have bothered. A colleague in Moscow asked his driver the next day if he had seen Gorbachev in Ireland. "No," he said, "only in Cuba." "But didn't you see the news last night?" "Yes, of course," came the reply. "They gave him a fine welcome in Cuba."

Fast learner

■ "What should you do before trying to start a car on a cold morning?" a Wiltshire driving instructor asked a woman learner. The reply came pat: "Check the bus timetable."

James Buchan in Valdez looks at the implications of the Exxon oil disaster for Alaska's economy

An ugly, profitable dependency

In Valdez, a small town in Alaska where unshaven men in plaid coats and baseball caps drive through the slush in pick-ups, business goes on till late at night. From phone boxes under the dripping eaves of supermarkets, bits of conversation drift out into the street:

"Every radio we have and 50 more . . ."

". . . a more creative contingency-fee structure . . ."

"Took the whole damn thing at $2.40 a square foot . . ."

Valdez, a two-storey town under perpendicular mountain peaks, had been through boom and bust before. First there was fur, then gold, then war, then the oil pipeline, then public spending financed by oil. Now there is the clean-up. "I wouldn't be surprised if they left a billion dollars round here before it's all done," said one local resident.

"They" is Exxon, the largest and richest oil company in the US. In the past week, Exxon has been pouring money into south-eastern Alaska almost as fast as the stricken Exxon Valdez spilt crude oil into Prince William Sound on Good Friday. Stung by charges of inaction, Exxon is spending hundreds of thousands of dollars each day to keep the oil slick from polluting shore and salmon-spawning areas and to rescue a pathetic few birds and sea-mammals.

Exxon's other big problem is the Prince William Sound fishing fleet, which is mostly based in Cordova down the coast from Valdez. The fishermen face a thin year, possibly several thin years, because of pollution from the spill. The Alaskan state authorities have banned the boats from going out for shrimp, black cod and herring. And a question hangs over the valuable salmon fishery in the summer.

For the moment, Exxon is paying skippers as much as $2,000 (£1,170) a day for the use of their boats to lay containment booms in the path of the spill. But the company has pledged to compensate the fishermen for lost earnings, and it is being asked for a lot. The fishermen say that 1989 was going to be a bumper year, a $150m to $250m year, and they have all sorts of stories to back it up: a herring-roe licence selling for record prices the day before the spill, red salmon heading for $5 a wholesale pound. They also have lawyers.

Even before the clean-up began in earnest, lawyers from Washington, New York, Philadelphia and the West Coast had signed up pretty well every economic interest in Valdez, Cordova and the native village of Tatitlek. At least four class-action suits have been filed and these are sure to involve Exxon in years of litigation. The more enterprising lawyers talk wistfully of holding Exxon to punitive as well as actual damage for the spill. "For attorneys, it's the Oklahoma Land Rush," says Mr William Bixby, the city's only resident practising attorney who is consolidating a set of actions against the company.

By yesterday, Exxon was showing every sign of being in for the long haul. The company, which now has 93 people in Valdez under Mr Frank Iarossi, president of Exxon Shipping, is renting space all over town on three-month leases. Mr Iarossi insists that the company will stay until "the job is done."

The company has vast resources of cash and experience. It is as well equipped as any to handle the legal shenanigans and the cost of cleaning up the worst of the oil. But the damage to Exxon's reputation, and the tarring of BP, Atlantic Richfield and the other major oil companies in Alaska, may prove harder to contain. Alaska, which has been dominated by the oil industry for more than 20 years, has turned against its masters.

Even before the clean-up, Mr Steve Cowper, the Democrat state governor and a typically rough-hewn Alaska politician, has threatened to close the oil pipeline to Valdez unless environmental conditions and safety are improved. Even the Alaskans who are in favour of oil development, and they are probably a majority, seem outraged that the industry was so unprepared for the spill.

Mr Roger Herrera, who has prospected Alaska for more than a dozen years for Standard Oil and BP, says he is stunned. "The emotion this has brought out is surprising," he said. "People have taken this almost as a personal affront. Alaskans are a hard-bitten lot, but it's as if they felt they'd been let down."

Alaska is not like the rest of the US. A vast region, a fifth as large as the lower 48 states combined and with a longer coastline, it is a place where American pioneer ideals are still plausible. All over Alaska are people who have drifted north and west with the army or a welding outfit or the telephone company till they reached the state and could go no further. At Kaktovik, a tiny native settlement in the Arctic where the ice pack gleams vertiginously in the Beaufort Sea, the leading village spokesman comes from California.

But Alaskans are few – a bit more than 500,000 in number – and are divided over the development issue. The native Alaskans seem torn between a vanishing subsistence life and a white man's existence they do not admire or much understand. Alcoholism is a problem, for whites and natives. Thirty years after becoming the 49th US state, Alaska is a political weakling. Much power lies outside the state with the environmental lobby, the federal government or the oil companies.

Ever since the turn of this century, the US environmental movement has seen in Alaska an unspoiled image of what all America should be. It must never go the way of the Appalachians, the Rockies or the Sierra Nevada. Though the environmentalists in the rest of the US could not stop oil on the Arctic North Slope or the building of an 800-mile pipeline from Prudhoe Bay to Valdez, they have ensured that millions of acres of Alaska wilderness are protected in some way. And they have so far prevented the oil industry from persuading Congress to allow drilling in the Arctic national wildlife refuge – the Anwar, an eerie and beautiful expanse of tundra east of Prudhoe Bay.

Washington itself has used Alaska to expunge an unhappy history of its own dealings with American natives. To get the pipeline laid through a thicket of native land claims, the federal government in 1971 handed over – or back, as some people say – some 62,500 square miles of Alaska to corporations formed by Eskimo, Aleut or Indian villages and regions. For all Alaska's great size, as the pro-development party keeps repeating, about half of it is closed off temporarily or permanently from the all American world of industrial development and shopping malls. "There really isn't much land in Alaska for development," says Mr Jason Roth, controller at the First National Bank of Anchorage.

There is oil. Twenty years after oil was first found on the North Slope, the state depends on it as much as ever. Despite booming timber and tourism industries, Alaska has been in recession ever since the oil price fell steeply in 1986. In Anchorage, where oil industry headquarters rise amid trailers and vacant lots, a real estate slump caused 3,680 residential foreclosures last year, a record. In Valdez, houses were selling before the spill for below the cost of construction.

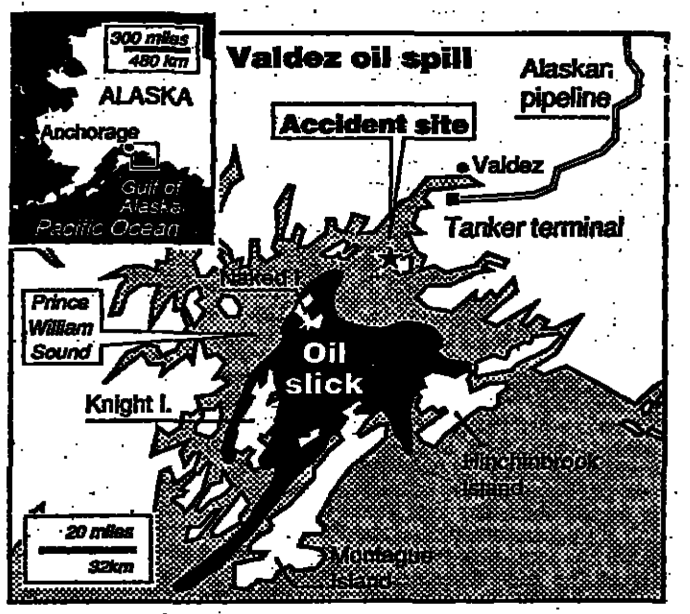
The state government in Juneau, which depends on Prudhoe Bay and the pipeline for nearly nine-tenths of its 1.7bn budget, has tried to diversify the economy. But it has mostly used the oil money to create a welfare system that belies Alaska's self-reliant image. Every Alaskan is entitled to a dividend cheque, probably of $837 per person this year, from a special fund established to hold oil revenues. The old age pension system is generous. In Valdez, a town of about 3,000 people, taxes paid by the pipeline consortium, Alyeska Pipeline Services, have financed a library and a school.

That is why Mr Cowper's threat to close the pipeline is not likely to be carried out. Instead, the state seems determined to ensure the spill hurts Exxon enough to make the entire industry much more careful of Alaska. This is also the aim of the moderate environmentalists in Alaska – people such as Mr Jim Lethcoe, who came to Alaska in 1967 and lives on a sailing boat in Valdez Harbour. "The lesson of all this is that we should slow down and see if what we're doing is safe and then talk about Anwar," he says.

Before the spill, the industry was on the way to persuading Congress to open up the wildlife refuge. With imports of oil now supplying half of US consumption, the possibility of a new field under American soil is attractive to law makers. Only one well has been sunk, by Chevron on land belonging to Kaktovik, and the company is not saying what it has found. But Prudhoe Bay production has reached its peak, and the companies say they must begin drilling the Anwar if any oil is to be produced by the end of the 1990s. They say they have shown they can operate cleanly and safely in the Arctic at Prudhoe Bay, where the air is sweet by oil-patch standards and caribou migrate through the foundations of oil-treatment units.

But it will be hard to argue for Anwar development after the disaster in Prince William Sound. The environmentalist lobby in Washington has been handed a powerful weapon for stopping all development in the Arctic. Mr Roth, for one, is anxious. "What the Exxon Valdez could do," he says, "is delay, wipe out or postpone development for the future. The Alaska economy is not diversified enough that we can do without oil. I am worried about Alaska five years away and 15 years away."

Prince William Sound: containment booms for the oil



Meanwhile, 11 years on, another oil spill's effects linger in France . . .

Two months ago, a Chicago judge ordered the US oil company Amoco to pay France $115m (£67.7m) for the damage caused by its wrecked supertanker Amoco Cadiz, 11 years after it ran aground off the Brittany coast.

Judge Frank McGarr took account only of proven damages and the cost of clean-up operations, refusing what he described as "grossly exaggerated" claims for projects aimed at restoring the coastal environment.

With 220,000 tonnes of oil spreading out to pollute 400 km of coastline, destroying valuable oyster beds and ruining tourist receipts, Brittany resents the charge of exaggeration. Few signs remain of the spill on Brittany's beaches, but in estuaries and sheltered coves the effects of the disaster can still be felt today.

When the supertanker ran aground in 1978, just off the Breton fishing village of Portsall, the armoury for fighting an oil slick was limited. French naval authorities considered burning the oil, but decided it would take two to three months, and the fumes would probably cause damage to nearby agricultural lands.

Gale-force winds and the lack of any seabed survey since 1927 made it difficult to try to pump oil off the stricken tanker. Navy helicopters only succeeded in bombing the Amoco Cadiz, to release the last of the oil, two weeks after the wreck.

Mr Richard Congar, of the University of Western Brittany, notes that clean-up operations are not very cost-effective in terms of oil recovered. He estimates that around 70,000 tonnes of the 220,000 tonne Amoco Cadiz cargo reached the shore, and that only some 10,000 tonnes of this were raked up in the 250,000 tonnes of waste collected during the clean-up operation – at a cost of around FFr 30,000 (in 1978 francs) per tonne of oil recovered.

"That leaves 150,000 tonnes dissipated in the water or in the atmosphere without us knowing the consequences, doubtless more long-term. These observations plead in favour of immediate action on the vessel," Mr Congar notes.

Besides a clean-up operation costing an estimated FFr 450m – still in 1978 terms – on land, and FFr 65m at sea, an estimated FFr 140m of marine life was destroyed.

The damage was suffered mainly by Brittany's famous oyster growers, who were still recovering from two successive virus attacks that decimated stocks of the tastier, more expensive "plate" oyster. The growers, who received FFr 35m of compensation in Judge McGarr's ruling, were still suffering the effects of the pollution at least into 1982.

However, estimates are highly conjectural. Mr Congar suggests that on replacement rather than economic cost, at least FFr 800m of marine life was lost.

Nevertheless, the Amoco Cadiz spill did give France some valuable lessons in how to react to future disasters – prompting the setting up of new research institutes and new pollution control procedures that have since proved their worth.

LETTERS

Decisions in the air

From Mr G.W. Thompson.

Sir, I am disappointed that Richard Botwood, director general of the Air Transport Users Committee (Letters, April 3), has once again ignored the regional dimension of airports policy.

The Secretary of State's brief to the Civil Airports Authority was explicit: he expected it to consider the full extent of the contribution of regional airports before determining future policy for the south-east of the UK.

Unfortunately the analysis in the CAA consultation document is so flawed as to invalidate any substantive conclusions, and the full contribution of a regional hub development policy is yet to be tested.

But, as Jeremy Marshall of BAA says (Letters, April 3), it is only a consultation document; the Secretary of State will need to form his own judgment on the final advice he receives from the CAA in July – with its errors substantially corrected, I hope. Not many people in the industry concur with the CAA's views.

The scenario which must be tested before the need for additional runway capacity in the south east (airspace permitting) is put forward, is the proper development of an alternative hub at Manchester. This was proposed by the Government in the 1985 airports policy white paper. After all, why should Amsterdam be the only beneficiary of the UK's failure to evolve a total national airport strategy, meeting all user needs? Millions of regional travellers are presently forced to use the London system, contributing to congestion there.

An alternative hub strategy would reduce both the journey time and cost implication for these travellers, and give the UK the ability to maintain its position in the interline trade at the world's crossroads.

G.W. Thompson,
Chief Executive,
Manchester Airport,
Manchester

Abbey National members may withdraw funds

From Mr Alexander Sandison.

Sir, One of the important financial implications of the Abbey National's possible conversion to public limited company status has received comparatively little attention. It is not even mentioned in the board's "transfer document," which is supposed to give members all the material information.

I refer to the certainty that, if the Abbey converts, large numbers of members will (as some writers have said) accept their free shares and transfer the bulk of their savings to a real building society.

It is a factor which ought to be quantified, and I have been trying to do so.

There are two unknowns: how many members will withdraw, and how much will each withdraw?

In the newsletter of our organisation, circulated during the week after Easter, we asked members to answer (anonymously) the second question. So far 53 members have responded, showing an average of £28,000 each (with 95 per cent "confidence limits" of plus or minus £9,000).

The question of how many will withdraw is more difficult.

Of the 2,350 households which have contacted us, 116 (5 per cent) have volunteered the information that they will withdraw their savings if the Abbey National becomes a plc. For many – probably most – of the others, there was no reason why their letter or telephone message should have mentioned withdrawal.

So the 5 per cent is a very substantial under-estimate. On the other hand, those who have made the considerable effort required to discover our address will be heavily biased towards opposition to conversion, and, therefore, towards withdrawal.

To arrive at a conservative figure for sums to be withdrawn, it may not be unreasonable to ignore the under-estimation within our own sample, and assume that it over-estimates those who will withdraw by a factor of between 10 and 100.

That means that, from the 4.3m voting members, 0.5 per cent to 0.05 per cent (say 1 per cent) will withdraw; that is, 43,000.

And many of the non-voting members are so incensed at their treatment by the Abbey National board that they, too, will withdraw. At £25,000 each, that suggests a figure for withdrawals of £1bn – easily, considerably more.

This loss of funds must be set against the net proceeds of £15m from flotation – a figure which is heavily disguised in, but which can be deduced from, the transfer document.

Alexander Sandison,
Vice Chairman, Abbey Members Against Flotation,
93 Ridgmount Gardens, WC1

Markets in titillation compared

From Mr Alastair Macphail.

Sir, I do not take issue with Alan Friedman's assessment of Italian television (March 22); anyone who has been exposed to its wall-to-wall game shows and interminable variety programmes could but agree.

But I do challenge his assumption that there is more "titillation telly" in Italy because Italian audiences are more voyeuristic, and with the shallow way he ascribes this to "the sin-and-confess attitude" of Italian Catholicism.

In the midst of the "Pamella" affair, and the orgy of muck-raking that the British press appears to be indulging in, a more blatant example of British hypocrisy would be hard to find. Three million Sun newspaper readers indicate that the market for titillation in Britain is enormous. Is Alan Friedman telling us that a nation of people for whom naked breasts are acceptable breakfast-table viewing (the British tabloid press can hardly be called reading) is going to turn up its nose at the kind of shows we get on Italian television?

It is true that the Italians are probably less inhibited – and more tasteful – in their public consumption of nakedness, whether on television, in advertisements or in the press. They also have a more mature and less prurient attitude to sex in general.

Alastair Macphail,
Via Stazione,
6987 Caslano,
Ticino,
Switzerland.

Toyota and the TUC

From The General Secretary, Trades Union Congress.

Sir, On April 4 your Labour Editor reported that the Trades Union Congress (TUC) intends to propose that Toyota recognise a number of TUC unions, but through single bargaining machinery.

In fact, it is important that I make clear that we have not yet considered approaches which might be adopted individually or collectively by the four TUC unions interested in organising at Toyota.

Our current concern is to establish, through the Department of Trade and Industry, and the Advisory, Conciliation and Arbitration Service, adequate opportunities for the four unions to meet the company and to discuss its intentions regarding the possible location of a major plant in the UK – a step we warmly welcome – and the possible industrial relations arrangements.

Norman Willis,
Congress House,
Great Russell Street, WC1

Trade policy and UK deficit

From Mr Robert Ashworth.

Sir, It is naïve and untrue to state (Letters, March 23) that "there is no European industrial policy which denies free trade with any country that has *in reality* an open market."

"In reality" are Mr Peter Sachs' words; the italics are mine. To continue by ascribing the current US and British trade deficits to unilaterally open markets is a distortion of equal magnitude.

The root cause of the UK trade deficit is three years of blatantly consumerist fiscal policy in an economy which historically lacks sufficient manufacturing capacity to meet demand.

If it is possible to devise a formula alleging that domestic interests are being damaged by dumping, and thereby to penalise the foreign manufacturer while subsidising the same manufacturer to relocate within the EC, then industrial policy is no myth.

Robert Ashworth,
Hong Kong Government Industrial Promotion Office,
6 Grafton Street, W1

FINANCIAL TIMES
Thursday April 6 1989

Gorbachev seeks UK support for arms cuts

By Quentin Peel and Robert Mauthner in London

MR Mikhail Gorbachev, the Soviet leader, arrived in London yesterday seeking the support of Mrs Margaret Thatcher, the British Prime Minister, to accelerate the negotiations on conventional arms cuts in Europe and the banning of chemical weapons.

Mr Gorbachev, who is in Britain for a three-day official visit, is also expected to come up with proposals on closer co-operation between West and East Europe, possibly through some kind of institutional link in line with his concept of "a common European house."

It is thought likely that Mr Gorbachev will unveil his proposals in his major speech in the historic Guildhall, in the City of London tomorrow, on the last day of his visit.

Soviet officials, however, yesterday stressed Mr Gorbachev was not going to present significant new initiatives in addition to the unilateral arms and troop reductions he announced at the United Nations in New York last December, unless Mrs Thatcher herself was "prepared to do business."

"Negotiations are a matter of give and take," a senior Soviet official said yesterday. "We would like to see more flexibility from the other side."

British officials, on the other hand, emphasised that they considered it was the West which had put forward detailed proposals at the Vienna-based conventional arms talks, but that the Warsaw Pact's plan was still couched in very general terms.

In particular, Mrs Thatcher is expected to make it clear to her Soviet guest that Britain cannot accept Moscow's ideas on the denuclearisation of Europe, or even the creation of nuclear-free corridors in Central Europe.

The most acute difference between the two leaders is the issue of the modernisation of Nato's short-range nuclear weapons, which the Prime Minister considers to be an essential part of Western defence strategy.

Another important gesture the Soviets are looking for is British support for their hopes of joining the major international economic organisations, including notably the General Agreement on Tariffs and Trade (Gatt) and the International Monetary Fund (IMF).

The Soviet desire to join such Western-dominated liberal institutions was welcomed on the British side last night, though with some scepticism.

Another Soviet idea about which British officials expressed reservations was the possibility of some kind of institutional link between the two halves of Europe. Britain considers bilateral co-operation a more fruitful formula.

Soviet officials indicated yesterday Mr Gorbachev may also come forward with proposals for practical co-operation on environmental protection, fighting terrorism and combating drugs.

In the second major human rights concession on the eve of the visit, Moscow announced that nine Soviet prisoners had been released.

Showpiece visit, Page 8

Castro endures a subtle rebuke over trade

Tim Coone reports on a coded Gorbachev message that Cuba must alter its outlook

THE encounter of the communist Titans is over.

The meeting of Mikhail Gorbachev and Fidel Castro, the Soviet and Cuban presidents, passed with no spectacular pronouncements such as a write-off of Cuba's $10bn debt but neither did it present a rupture between the leaders' divergent paths to socialism. No behemoths were slain.

Nonetheless, it was a significant summit. President Castro, *for all the histrionics about his* independent road to socialism, has been told emphatically that the world is made up of interdependent nations; and that this applies equally within the socialist bloc.

Using the opportunity to address Cuba's 500-member *National Assembly in a speech* televised live to the country's 10m inhabitants, Mr Gorbachev spoke at length on the goals and reasoning behind his political and economic reforms in the Soviet Union.

"Most important is radical economic change," he said and expanded on the need to develop and release human potential within the socialist system.

"Those that march with the times and make the necessary accommodation to the introduction of high technologies into the world will meet with success," he said pointedly.

Mikhail Gorbachev and Fidel Castro embrace after signing the friendship and co-operation treaty in Havana on Tuesday

He also emphasised the need for "more efficient, more dynamic" economic relations *with Cuba, a coded admonish*ment for Cuban failures to meet its trade commitments with the Soviet Union.

President Castro, in contrast, in a defensive and ranting introductory speech (which was almost as long as his guest's) said: "We have not experienced the kind of problems associated with [Stalin]."

He added: "There are some who consider me a type of Stalin, but I would say that all my victims are in perfect health."

The fact that there has been *no cancellation of the Cuban* debt is significant in itself.

Cuba is not to be released from its obligations to its communist allies and the economic and political changes taking place within the Soviet Union and Comecon, the Communist trading bloc, will force changes in Cuba.

This was spelt out last week by *Mr Alexandro Kachanov*, the Soviet deputy trade minister, who explained that the liberalisation of his country's trade will give Soviet managers freedom to make contracts *alongside others*.

Cuban suppliers and buyers will have to compete freely with foreign companies.

The message was clear enough: price, delivery schedules and quality are going to be important as never before in Soviet-Cuban trade relations. He also said that negotiations are taking place over the future sugar contracts between Cuba and the Soviet Union.

The support price paid by the Soviet Union is currently four to five times the world market price.

Another Soviet government spokesman, Mr Gennadi Gerasimov, said in Havana this week that "it is a mutual aim to move to a gradual balance in our economic ties".

The signing of a 25-year Friendship and Co-operation Treaty during the summit was the counterbalance, however, to whatever subtle pressures are being applied to the Cubans, and underlined the overall common goals.

The treaty commits the two countries to co-ordinate economic and foreign policies in broad terms but Mr Gorbachev in his speech indicated that Latin America will be a special *focus of common interest in* the future.

First of all, he emphasised that "we are resolutely opposed to any theories and doctrines that justify the export of revolution or counter-revolution" and that the Soviet Union has no military *ambitions on the continent.*

He went on to propose closer economic ties with Latin America both by the Soviet Union and Cuba.

The underlying message of the summit is that "perestroika" is an irreversible force of change within the communist countries.

Like it or not, President Castro is going to have to adapt his country or suffer stagnation and isolation.

He can count on the continuing support of the Soviet Union, on both political and economic fronts, but in return *Cuba has to become less of an* economic burden on its communist allies.

There is economic potential for Cuba in Latin America which, with Soviet support it can realise, but this requires that President Castro will have to be prepared to listen to his *friends as well as to lecture.*

Vietnam to leave Kampuchea by September

By Robin Pauley, Asia Editor, in London

VIETNAM yesterday announced that it would withdraw all its troops from Kampuchea by the end of September regardless of whether a political solution to the conflict has been found.

A Vietnamese statement issued in the name of all three Indochinese states, Vietnam, Kampuchea and Laos, called on China and other countries to stop all support for the Kampuchean guerrillas by that date. It said the decision to end the 10-year Soviet-backed occupation followed consultations involving Vietnam, Laos and the Hanoi-backed Kampuchean Government led by Hun Sen.

Canada, Poland and India – all members of a 1954 control and supervision commission called to watch over post-independence Kampuchea – were invited to oversee the withdrawal and the halting of aid to various Kampuchean *guerrilla forces in co-ordina*tion with a representative of the United Nations Secretary-General. India responded quickly, saying it was willing to help but that no formal proposal had yet been made.

The move shows again the pace of the Soviet Union's efforts to end its involvement *in regional conflicts*. Progress on Kampuchea was a Chinese condition to agreeing to the first Sino-Soviet Summit for 30 years, which will take place in Peking next month.

It also reflects the patient attempts by the non-Communist nations of south-east Asia, particularly Thailand and Indonesia, to act as broker in arranging a withdrawal agreement. There have been two negotiating sessions in Indonesia between all the warring factions, the last in February, and since then feverish behind-the-scenes diplomacy appears to have extracted two concessions from Hun Sen.

They are likely to be related to his insistence on maintaining the Phnom Penh government as a fully legitimate government during a transition period leading to elections and to the nature of international supervision. He has so far been hotly opposed to a UN "supervisory force."

Prince Sihanouk, head of the coalition of Kampuchean resistance groups, has demanded the dismantling of the present government as part of a settlement, but the prince has said he accepted that Phnom Penh's administrative structure would *have to remain in place pend*ing elections.

Prince Sihanouk repeated in Peking yesterday that any Vietnamese withdrawal must be controlled by the United Nations and not countries chosen unilaterally by Vietnam. Vietnam had no right to decide Kampuchea's destiny on its own, he said. However, yesterday's developments are thought to have been enough to persuade him to meet Hun Sen again, probably in Jakarta on May 2. China and Vietnam will meet again later this month for a second round of talks.

The Kampuchean resistance coalition comprises three major groups: the Communist Khmer Rouge, headed nominally by Khieu Samphan but in fact by Pol Pot; the non-communist Khmer People's National Liberation Front of former Kampuchean Premier Son Sann; and followers of *Prince Norodom Sihanouk*, the exiled former Kampuchean head of state.

Vietnam invaded Kampuchea in December 1978, driving out the radical Khmer Rouge regime, which is estimated to have killed 2m of the country's 8m population in its four years of power.

Italy launches largest sterling bond issue outside UK

By Andrew Freeman in London

ITALY yesterday issued a £400m 25-year Eurobond, the largest fixed-rate sterling issue launched outside the UK government bond market.

The move was seen as an attempt to exploit demand for long-dated sterling bonds which has been stimulated by the UK Government's buying-in of gilt-edged securities as part of its attempts to reduce the budget surplus.

The Government has been buying back its own bonds as part of its Public Sector Debt Repayment programme, creating a shortage of bonds, particularly at the long end of the maturity range. Long-dated bonds are popular among UK insurance companies and pension funds which have long-term sterling liabilities and want fixed interest rates.

In addition to the buy-in programme and an absence of new gilt issues, liberalisation moves to make it easier for borrowers to tap the sterling markets were recently announced by Mr Nigel Lawson, Chancellor of the Exchequer.

In spite of the advantageous conditions, foreign borrowers, including governments, have been slow to issue sterling bonds. Most European countries have interest rates lower than those in the UK and have little incentive to launch sterling paper.

Yesterday's issue by Italy should have benefited from the UK Government's announcement later in the day of a reverse auction which will remove a further £500m from the gilts market.

However, the bonds met mixed demand from UK institutions because of uncertainty about sterling, inflation and the direction of UK interest rates, with some refusing to buy.

One leading UK fund manager said British companies have issued heavily in the long-dated sector of the sterling market in recent months, sating much of the demand.

In morning trading, gilt prices fell by between ½ and ¾ point as rumours of the Italy issue circulated among traders, and there was heavy selling of long-dated gilts and Eurosterl*ing issues. Dealers speculated* that long-dated gilts, already a thin market, suffered as CSFB hedged its own position in the new securities by heavy selling of gilts futures contracts.

International bonds, Pages 21 and 22

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio		–	–	Dubrovnik	S	20	68	Malta	S	19	66	Rhodes	S	25	77
Algiers	F	17	63	Edinburgh	C	4	39	Manchester	R	4	39	Rio de J'o	C	32	90
Amsterdam	C	5	41	Faro	F	15	59	Manila	F	34	93	Rome	F	17	63
Athens	S	23	73	Florence	C	10	50	Melbourne	F	27	81	Salzburg	C	15	59
Bahrain	F	23	73	Frankfurt	R	3	37	Mexico City	F	27	81	San Francisco	S	14	57
Bangkok	F	35	95	Funchal	C	16	61	Miami	F	24	75	Seoul	S	20	68
Barcelona	S	15	59	Geneva	R	7	45	Milan	R	13	55	Singapore		–	–
Beirut		–	–	Gibraltar	F	16	61	Montreal	F	6	43	Stockholm	S	5	41
Belfast	Sl	3	37	Glasgow	C	5	41	Moscow	S	5	41	Strasbourg	C	7	45
Belgrade	F	28	82	Guernsey	R	6	43	Munich	C	9	48	Sydney	F	25	77
Berlin	R	3	37	Helsinki	F	6	43	Nairobi	C	24	75	Taipei	F	23	73
Biarritz	R	6	43	H. Kong	C	20	68	Naples	F	17	63	Tangier	F	15	59
Bombay	S	32	90	Innsbruck	F	12	54	Nassau	C	28	82	Tel Aviv	S	26	79
Bordeaux	F	9	48	Inverness	C	5	41	New Delhi	F	–	–	Tenerife	F	20	68
Brussels	R	4	39	Islamabad	F	26	78	New York	C	11	52	Tokyo	C	11	52
Budapest	R	15	59	Istanbul	S	22	72	Nice	S	15	59	Toronto	C	7	45
B. Aires	F	28	82	Jakarta	R	32	90	Nicosia	R	26	79	Tunis	F	21	70
Cairo	S	28	82	Jersey	Dr	7	45	Oporto	C	9	48	Valencia	F	14	57
Cape Town	S	21	70	Jo'burg	F	25	77	Oslo	S	6	43	Venice	R	12	54
Caracas	F	28	82	Lima	F	25	77	Paris	R	6	43	Vienna	S	13	55
Casablanca	C	15	59	Lisbon	F	14	57	Peking	S	18	64	Warsaw	C	4	39
Chicago	C	5	41	London	R	4	39	Prague	F	13	55	Washington	F	16	61
Cologne	R	5	41	Los Angeles	S	19	66	Reykjavik	C	2	36	Zurich	F	9	48
Copenhagen	F	04	39	Luxembourg	Sn	0	32								
Corfu	S	23	73	Madrid	F	9	48								
Dallas	C	12	54	Majorca	F	15	59								
Dublin	R	4	39	Malaga	C	14	57								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Swapo rejects peace plan

Continued from Page 1

lar, Mr Botha issued an ultimatum, threatening to suspend the transition to independence elections in the territory, scheduled to take place in November, unless the UN took action.

Mr Nujoma last night *refused the offer, saying*: "We have been fighting in Namibia for 23 years ... it is an insult to our intelligence." He was speaking in Zimbabwe

Swapo has already offered a ceasefire which includes a provision allowing its military commanders to visit the scene of the fighting, and recognition of bases within Namibia, but Pretoria has turned this down.

Battles between Swapo guerrillas and South African security forces seem set to continue until the 1,000 strong force of Swapo guerrillas, of whom 180 have been killed, are wiped out or surrender.

South African officials say that Mr Pik Botha's ultimatum has been extended, but a reply is needed before President P. W. Botha opens parliament in Cape Town today.

US-style car exhaust rules sought by Brussels

By William Dawkins in Brussels

THE European Commission last night proposed to toughen European Community limits on car exhaust pollution in line with strict US standards from January 1993, in a remarkable victory for Community environmentalists.

The weekly meeting of the 17 Commissioners called for existing voluntary EC controls on exhaust emissions for all cars to be made mandatory by January 1991, moving to obligatory tougher standards by 1993.

Brussels proposes to continue with its present uncompleted proposal to cut emissions from small cars. This awaits endorsement by the European Parliament next week.

During the transition to the tougher norms, the Commission proposes to guarantee free market access to cars conforming with both existing EC and the equivalent of stricter US standards. According to car *industry estimates, the change* to US levels of exhaust pollution means emissions should be cut by 73 per cent from present levels, as against the just over 50 per cent made possible by the current standards.

Last night's proposal, which will have to be ratified by member states, will meet tough opposition from France, Italy and Spain, the main producers of small cars, which would carry much of the enormous *investment needed to meet the* new standards. But it is a victory for the environmentally sensitive Danes, Dutch and West Germans, and the European Parliament, which has been calling on the Commission to take such a step.

Separately, a split between northern and southern EC Governments over the future of Europe's car industry deepened yesterday, 48 hours before the Community's 12 Industry Ministers were due to meet to try to seek a common line on import quotas on Japanese cars.

They are approaching the meeting in San Sebastian, Spain, split on all the main issues facing the industry, also including local content rules, curbs on state aid and the abandonment of technical and administrative barriers to free internal EC trade.

THE LEX COLUMN

New flights for Blue Arrow

Yesterday's rise in the Blue Arrow share price might seem a heartless response to Mr Berry's departure, but one can see the logic. The event apparently closes an era in which some rather odd things went on; and for Mr Fromstein's US admirers, it gives clearance to buy the shares free of English encumbrances.

It is unclear where the price goes from here. The recent build-up of US holdings to around the 30 per cent level seems to have been an exceptionally smooth transfer from willing UK sellers, with the price almost unmoved. There is still the County NatWest stake to come out, but it might be *naive to expect US interest to* bid the shares up thereafter. There is no real doubt about the cyclical nature of the recruitment business, whether temporary or permanent; and even supposing a perfectly respectable 10 per cent rise in earnings this year, a price of 93p puts the shares on a multiple of 12. The argument might rather be reversed: were it not for US interest, the shares could well be lower.

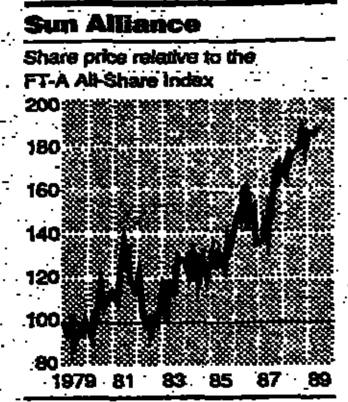
There remains, too, the curious affair of the £25m loan. Leaving aside the more exotic rumours about the San Diego *waterfront, it is not easy to see* why such a sum should be invested by an employment agency, especially one with net assets of £27m. Even supposing the money to be irrecoverable, the interest cost, at some 5 per cent of earnings, is scarcely material; but it matters a good *deal that the transaction* should be shown to have no connection with the present management.

Touche Remnant

If Touche Remnant, recently notable for its rapidly shrinking funds base and its anxious search for a partner, is worth £50m, things could be looking up *for Morgan Grenfell*, Kleinwort Benson and Henderson Administration. Société Générale has paid up for Touche – 1.8 per cent of funds under management seems a lot given the composition of those funds and their tendency to walk off – but has not done so blindly. *It has obtained some* valuable know-how about equity investment, a good brand name - if one that has seen better times - and has gained a position in what is still a more profitable market than most. For such a big bank, the marginal £10m or so is neither here nor there,

Sun Alliance

Share price relative to the FT-A All-Share Index



*while for the Touche invest*ment trusts it is critical.

As far as Touche itself is concerned, the deal is a triumph, not merely because of the price. After the loss of TRIG, its £2.8bn of funds under management left it stranded uncomfortably in between the really big players and the small ones. With the backing of Société Générale, it stands a chance of joining the first league in Europe, and the combination of the two existing businesses is a good head start. Eventually, the idea must be to buy up some of those unit trusts which are *struggling* against the higher costs of regulation and lower demand, to make better use of the Touche overheads. The strategy seems a fine one; unfortunately there is no shortage of buyers waiting for bargains in next shake-out in the fund management industry.

Sterling bonds

There is a certain superficial appeal in the news that the Republic of Italy is raising £400m of 25-year money in London on the same day that the Bank of England announced its second reverse gilts auction. This is the way the sterling capital markets are supposed to work, with the UK government repaying its debt and the vacuum being filled by eager borrowers. Unfortunately, some investment bankers *are* becoming a little greedy; while the future growth of the market is no longer in doubt, it is beginning to suffer from a nasty bout of indigestion.

In the first quarter of this year, £1.6bn has been raised in the sterling fixed interest market. If Peel Holding's £100m debenture is added to the Italian issue, BZW calculates that more money has been raised so far in 1989 than in all of last year. It also notes that investors in only two of this year's 25 new issues are showing a profit. This is hardly the sort of record which will attract the punters, especially since the UK inflation rate is heading for 8 per cent and benchmark gilts are only yielding a shade over 9 per cent.

It is not surprising that yesterday's Italian issue was only a mixed success. Whereas last month's Lasmo issue was badly priced, the problem with the Italian issue is both its size and the lack of partly paid features. There is only £11bn of non-UK government fixed *interest stock* of over 15 years maturity outstanding; and given the shape of the *yield* curve, there *must* be an obvious limit to the institutional appetite of the UK institutions, at least, for this type of paper.

Sun Alliance

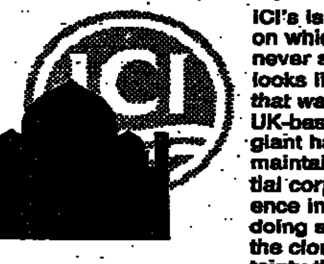
The shares of Sun Alliance have built up such a momentum of outperformance against the market for the past seven years that it may be asked what should cause them to break the habit now. In the short term, the trend may well not be pursued with quite such *vigour. Relative to the market*, the shares are at about the same level as six months ago, despite a late bound just before the announcement of yesterday's 1988 results. And if the market managed to talk itself into finding those results acceptable by the end of the *day, the effort of gaining back* the 2½ per cent or so lost on initial disappointment may have exhausted prospects for the moment.

Given the fact that winter failed to arrive again this year in most of the UK, there appears to be little immediate *concern over current year prof*its. And if Sun Alliance really does succeed in making about as much profit this year as last, that leaves the company with the strongest balance sheet in the sector trading on the lowest p/e – an anomaly which may prove difficult to *justify in the longer term.* Sun Alliance has already turned in the star dividend growth performance of the sector, with a 32 per cent increase; and prospects for future growth are probably several points better than any of its peers, even on a five year view. At the moment, one could switch into virtually any other stock in the sector and get a yield boost, but it might be wiser to wait.

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday April 6 1989

INSIDE

ICI holds on to empire of the sun

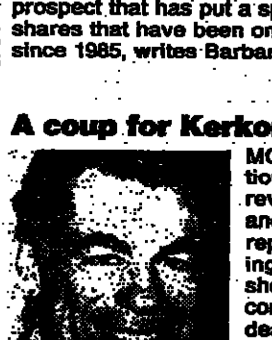


ICI's is one empire on which the sun never sets. And it looks like staying that way, now the UK-based chemicals giant has decided to maintain its substantial corporate presence in India. In doing so it has lifted the cloud of uncertainty that has hung over its Indian Explosives subsidiary, and by cutting costs and reducing staff it has reversed a trend of stagnant sales and low levels of profitability. David Housego reports. **Page 19**

Funds add spice to Chile

Hopes of an avalanche of capital from Chile's huge, privately-run pension funds have sent the most actively traded shares on the local stock market shooting up by about 30 per cent this year. Government plans to ease the rules on pension fund investment could bring up to $530m pouring into the small exchange — a prospect that has put a spring in the step of shares that have been on a long upward march since 1985, writes Barbara Durr. **Page 40**

A coup for Kerkorian



MGM/UA Communications, the recently revived Hollywood film and television studio, reported quarterly earnings yesterday which shed new light on the complex $1bn merger deal agreed with Qintex Group of Australia last weekend. The company's results, covering its second fiscal quarter to February 28, 1989, suggested that Kirk Kerkorian (above), its legendary controlling shareholder, may have achieved another financial masterstroke in the Qintex deal. **Page 20**

Stronger cocoa from Ghana

Ghana used to be the world's biggest cocoa producer, and the commodity is still the country's biggest foreign exchange earner. But the decline of the industry since the mid-1960s means that it is not making the contribution it could to national finances. Streamlining the lumbering cocoa bureaucracy, improving returns to growers and breeding improved varieties are beginning to pay dividends, however, and hopes are that Ghana's cocoa sector is on the road to recovery. **Page 28**

Dutch remould for Pirelli

PIRELLI

Times are tight and competition fierce in the world tyre market these days — a fact made clear yesterday when Italy's Pirelli group unveiled detailed plans to hive off its tyre operations and transfer them into a Dutch-registered holding company. It announced Pirelli Tyre Holding NV would seek to raise $250m to $300m from international investors by issuing new equity representing 25 to 30 per cent of its share capital, and forecast the new company would have sales of $3.5bn this year, making it the world's fifth largest tyre maker. **Page 18**

Market Statistics

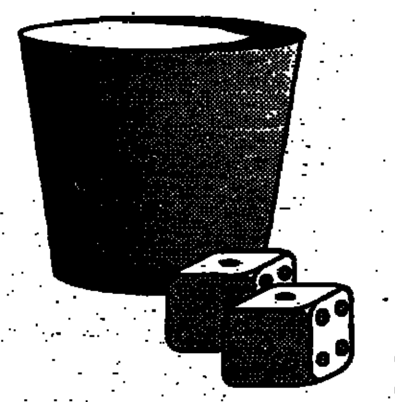
Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			[illegible]	303	+ 5
Rises			[illegible]	697	+ 53
Vag	277.5	+ 7.5	Source Perrier	1780	+ 95
Allianz	1749	+ 49	**Falls**		
Dresdner Bk	327	+ 7	Sony	78.7	− 2.5
Falls			**TOKYO (Yen)**		
[illegible]	507.5	− 5.5	**Rises**		
NEW YORK ($)			Yamato Kogyo	2080	+ 260
Rises			[illegible]	860	+ 100
Hewlett-Packard	52⅞	+ 1⅛	Hitachi Metals	1580	+ 170
ITT	54⅞	+ 1⅝	**Falls**		
NWA	85¼	+ 1¾	Toda Kogyo	1300	− 120
Quantum	17¼	+ 1⅛	Shimamura	2310	− 190
Falls			Iwaki Glass	1500	− 100
Ford	47⅞	− 1			
General Motors	40⅞	− ⅝			
PARIS (FFr)					
Rises					
[illegible]	662	+ 45			

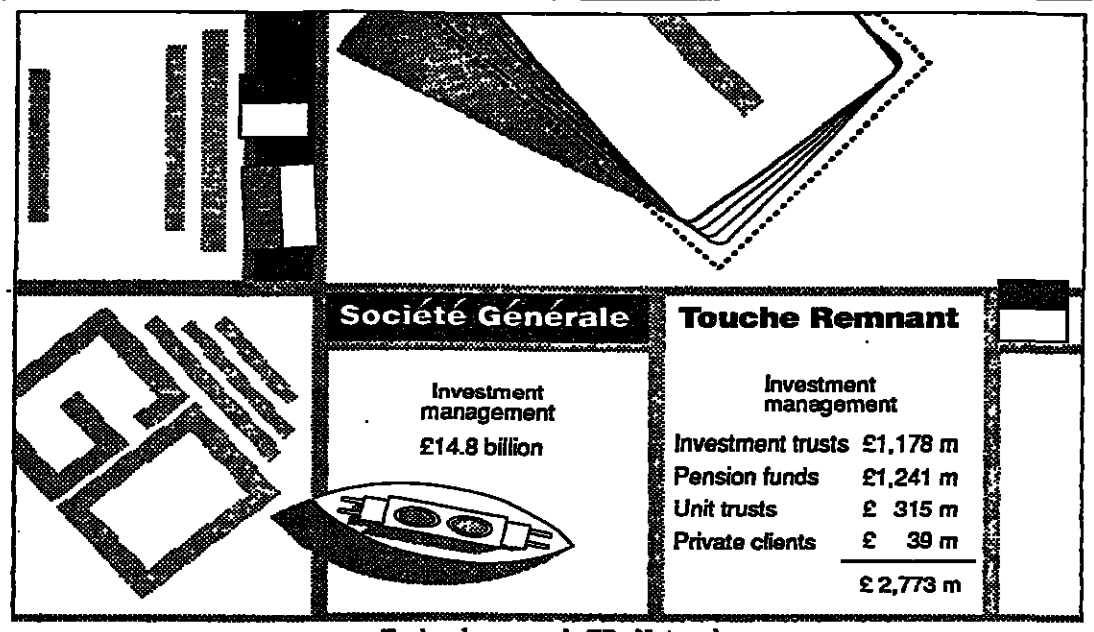
New York prices at 12.30.

LONDON (Pence)			AB Electronic	385	− 48
Rises			Carlton Comm	860	− 15
BAA	353	+ 10	DRG	450	− 10
BHH Group	134	+ 8½	Havelock Eur	142	− 51
Cons Gld Fields	1385	+ 37	Jerome (S)	213	− 13
Lucas Inds	625	+ 7	Lec Refrig	318	− 42
Meldrum Inv Tst	187	+ 25	[illegible]	675	− 14
P & O Dfd	671	+ 15	Securicor	622	− 23
Quarto Group	173	+ 8	[illegible]	437	− 11
Rank Org	838	+ 22			
Wickes A	358	+ 8			
Falls					



Pass Go: Collect £2.77bn

George Graham and **Nikki Tait** on Société Générale's deal with Touche Remnant



The current wholesale reshaping of Europe's financial services industry saw another counter fall into place yesterday. Société Générale, the largest French private sector bank, put at end to months of speculation over the future of Touche Remnant Holdings, the UK fund manager, by acquiring the company for around £50m.

The French bank now plans to form a new holding company, Société Générale Touche Remnant (SGTR), to group its existing fund management activities with those of Touche Remnant. This will create a unit with some FFr190bn ($30bn) of assets under management.

The move is the latest in a spate of recent acquisitions by European banking groups in the UK fund management market – control of the likes of Thornton Management and GT has also passed to such predators recently.

The rationale for this is fairly simple. British fund managers often possess equity market skills which European groups lack, and in terms of product development are far more advanced. On the other side, the fund managers can potentially benefit from the additional financial backing and distributive capacity which a banking parent may bring. Moreover, in the wake of the 1987 crash, many fund management groups have seen profits and ratings fall sharply, leaving them sadly vulnerable.

From Société Générale's viewpoint, the current deal has both aggressive and defensive features. The acquisition gives the group an opportunity to expand a fund management division which has hitherto been heavily focused on France, mostly concentrated in bond and money market instruments, and largely linked to its consumer banking base.

But like other French banks, Société Générale anticipates an onslaught on its domestic market, where it currently claims to rank third with a market share of around nine per cent.

The onslaught has already begun, with foreign groups like Robeco, Fidelity and MIM setting up operations in France. It continues in October this year, when cross-border sales of unit trusts are authorised within the European Community, and expands in 1990 with the liberation of capital movements.

With customers becoming less and less faithful to their banks when seeking investment products, and with French capital taxation among the heaviest in the EC, the major French retail banking networks which today dominate the fund management market are expected to have a fight on their hands.

Société Générale's executives have for some months been examining ways of counterattacking by penetrating other markets, devising different strategies for the EC's component markets.

"In England we would not find it easy to sell on our own name alone, because the French don't have the reputation of being great fund managers. We need alliances," commented a senior Société Générale official recently.

The same reasoning applies to the West German market, although the bank believes it has much greater opportunities for marketing its fund management skills in southern Europe. In seeking to build on the base of SGTR in other countries, Société Générale is likely to focus more on finding channels of distribution than on buying other fund managers.

Société Générale is also targeting the specific investment sectors where it believes it has the most to offer. With FFr107bn of its FFr130bn of mutual funds invested in bonds and monetary instruments, including the complex array of repurchase and swap techniques French fund managers have developed to substitute for direct money market investment, the bank will clearly start with this sector.

Touche Remnant, for its part, is simply hopeful that the deal will write the final chapter in an unhappy two and a half-year saga.

The company's problems started back in late-1986 when it emerged it was talking to Metropolitan Life, the US life company about a possible offer. These lengthy, and eventually abortive discussions were then followed by boardroom shuffling and the acrimonious departure of Mr Peter Gray, the group's managing director.

Publicly, the group was adament about its chosen future. Lord Remnant, the chairman, maintained that Touche would soldier on independenty and aim for a stockmarket quote in the early-1990s.

Moves to put the company on a commercial footing - it had previously functioned basically as a service to the trusts, with its expenses shared between them - had already started, and were duly continued.

Unfortunately for Touche, however, its unquoted status was no real protection. The ten trusts which held its shares were traded - like most investment trusts - at a discount to underlying net asset value, and offered ready pickings for aggressors. Between late-1987 and summer 1988, TR Pacific Basin, TR America, TR Technology, and TR Natural Resources all came under pressure, and were subject to bids or reorganisation.

The other TR trusts had a preemptive rights to acquire their holdings in the fund management company itself. But that did not stop a "domino theory" from being mooted - whereby the ownership stake became concentrated in fewer and fewer hands, and management would be pressurised into abandoning its flotation goal.

Last summer, there was a brief respite, when Liberty Mutual, another US insurer, was brought in as the the management company's first external shareholder, mopping up 15 per cent of the shares. But the peace was shortlived.

Within weeks, the British Coal Pension Funds had launched, and quickly won, a £560m bid for TR Industrial & General, the group's largest trust. TRIG held over a quarter of the fund management company's equity.

Yesterday, Touche conceded that the relentless uncertainty had made it difficult to win new business, and to attract and retain top-knotch staff. With funds under management dropping below £3bn following TRIG's loss, it also felt the pressure of being a small player in a consolidating market.

Mr Paul Manduca, vice-chairman of TRH, maintains firmly that the SocGen deal was the best put forward, both in terms of price, continuity, and fit. Even so, there is a ready acknowledgment that there are certain areas which still need to be addressed - UK distribution, for example, and the building of the unit trust business to a more efficient size.

All the indications are that, now that the background is more stable, the new holding company, Société Générale Touche Remnant, can be expected to make acquisitions. Across the Atlantic, the intention is also to maintain the relationship with Liberty Mutual and its Chicago-based Stein Roe investment management subisdiary.

As for the terms of deal, London analysts yesterday seemed to feel that - on the limited information available - it was a very reasonable, if not excessively generous price.

BASF earnings soar by 44%

By Haig Simonian in Frankfurt

GROUP pre-tax profits at BASF, the leading West German chemicals group, soared by 44 per cent to DM3.78bn ($1.98bn) last year, while sales rose 9 per cent to DM43.9bn.

The excellent results, combined with comments by Mr Wolfgang Hilger, chief executive of Hoechst, that its board would be recommending a dividend increase for 1988, fuelled speculation that BASF would follow suit.

BASF, which paid a dividend of DM10 a share last year, has lagged both Hoechst and Bayer, which paid a DM1 bonus on their DM10 dividend last year in recognition of their 125th anniversaries. All three companies are expected to announce their 1988 dividend payments later this month, and analysts expect an increase to at least DM12 a share.

Mr Hilger said he expected Hoechst to increase its sales volume by 4-5 per cent this year, pushing turnover to around DM44bn, after a 11 per cent rise to DM41bn in 1988. Profits, he said, would remain "on a high wave".

BASF's results were sharply boosted in the last quarter by "the best quarterly pre-tax earnings" in the group's history and confirm the strongly trend in the German chemicals industry already reported by Hoechst and Bayer.

The strong trend appears likely to continue this year and the rate of price increases for many basic materials had actually slowed.

Sales in the fourth quarter of last year climbed 12.6 per cent to DM11.4bn, while pre-tax profits, which are not disclosed, appear to have more than doubled to around DM1.08bn from DM429m in the corresponding period in 1987.

The company said the profits surge had come thanks to slightly higher sales prices and "outstanding" capacity utilisation, which more compensated for higher raw materials prices. BASF shares rose DM3.30 to DM300.50 yesterday.

Foreign markets provided BASF with its highest rates of growth last year, with North American and South East Asia leading. Spain had shown the fastest growth within Europe.

The group has seen some respite in problem areas such as information systems, where heavy rationalisation and some sales growth allowed a "clear" improvement in earnings.

However, BASF's oil and gas operations, conducted through its Wintershall subsidiary, continued to make losses as a result of low crude oil prices and poor refining margins in the first half of the year.

Group investment rose almost 27 per cent last year to about DM3.5bn, partly reflecting the inclusion of assets taken over from Polysar of Canada, BASF said.

Fromstein becomes Blue Arrow chairman

By Vanessa Houlder in London

A SERIES of bitter boardroom struggles at Blue Arrow, the world's largest employment agency, culminated yesterday in the departure of Mr Tony Berry, the founder and chairman.

Mr Mitchell Fromstein, who took over as chief executive from Mr Berry in January after a boardroom coup, has now become chairman as well. He was president of Manpower, the US group acquired by Blue Arrow in 1987 after a hostile $1.3bn (£730m) bid battle.

The shake-up comes amid pressure on the company to disclose details of a mysterious £25m loan, which was revealed at the annual meeting on Monday.

The company has refused to add to its statement that it was reviewing how to recover the loan as a matter of urgency.

A spokesman for the America's Cup yacht competition yesterday denied it was connected to the loan.

The board changes, agreed in a meeting on Tuesday, also include the appointment of Mr Michael Davies as deputy chairman. This follows the departure of Mr David Atkins, a friend of Mr Berry.

Lex, Page 16; Background, Page 27

Allianz buys 51% of Spanish insurer

By Haig Simonian in Frankfurt

ALLIANZ, Europe's biggest insurance group, has taken a further step in its European expansion strategy by buying a 51 per cent stake in Ercos de Seguros y Reaseguros, a middle-ranking Spanish insurer.

The acquisition, which follows Allianz's purchase of around 3 per cent of Banco Popular Espanol, Spain's seventh biggest bank, last year, confirms the attractions of the fast-growing Spanish market for established insurers from other European countries.

Allianz has since agreed to set up a life insurance company and a pension fund management operation with the bank, which will market the products through its 1,600 branches.

Buying into Ercos, which was established in 1964 by the Erhardt group, a Bilbao industrial and shipping concern, complements Allianz's existing activities based in Madrid and Barcelona by filling out its regional coverage in northern Spain.

Ercos, which has 31 branches across the country, had premium income amounting to Pta5.7bn ($49.2m) last year.

Together with Allianz's existing operations, which are primarily conducted through the local operations of its Italian subsidiary, the group's Spanish premium income will now increase to around DM460m ($246m), ranking it seventh in Spain's insurance league.

That is still a long way behind its position in some other European countries, and an Allianz official spoke of the latest move as a "rounding off" of its Spanish ambitions, leaving open the possibility of further acquisitions should the opportunity arise.

Minorco has Gold Fields units buyers

By Kenneth Gooding, Mining Correspondent

MINORCO, the South African-controlled investment group, has revealed in depositions to a New York court that it already has several potential buyers lined up for the substantial shareholdings in Gold Fields of South Africa, Newmont Mining, and Renison Consolidated it would acquire if its £3.2bn ($5.44bn) bid for Consolidated Gold Fields of the UK succeeded.

This emerged yesterday as Minorco asked the UK Takeover Panel to clarify the status of the "performance pledge" made by Gold Fields in its defence document on Tuesday.

Sir Michael Edwardes, Minorco's chief executive, suggested the pledge – that Gold Fields would produce cumulative earnings per share of not less than 400p in the next three years – was nothing but a thinly-disguised earnings forecast of a type forbidden by the Takeover Code.

Gold Fields said later it had been able to convince the panel it had never referred to the pledge as a forecast and "it was not our intention it should be seen as a forecast."

In New York, Minorco revealed that it has retained Lazard Freres to sell the 49 per cent shareholding in Newmont Mining, the biggest gold miner in the US.

Mr Felix Rohatyn, of Lazard, said there had already been unsolicited contacts made by five mining companies —including two Canadian and an Australian group – about Newmont.

Minorco has retained a retired Sydney property developer, Mr Robert Frost of Aries Consultants, to sell Gold Fields' 49 per cent holding in Renison, the Australian group. He told the court that five Australian listed companies had made approaches about the stake.

Sun Alliance profits more than double to £372.4m

By Nick Bunker in London

SUN ALLIANCE reinforced its status as by far the most profitable UK insurance company yesterday with news that it more than doubled annual pre-tax profits from £171m to £372.4m ($629m) in 1988.

Though the pre-tax figure was at the bottom end of a range of optimistic City forecasts of up to £420m, the shares closed down only 1p at 1157p last night. The reason lay in the powerful growth of Sun Alliance's shareholders' funds, which rose by £410m to £2.1bn, partly on the back of £90m of unrealised capital gains from its equity portfolio and £150m from a revaluation of its property holdings.

The group is raising its total dividend by more than 30 per cent. Mr Roger Neville, chief executive, said it would pay a total dividend of 41p, up 32.3 per cent on the 1987 figure.

Worldwide, non-life premium income was up 13 per cent at £2.25bn for the 12 months to December 31, producing a £58.7m underwriting profit. Investment income grew 14 per cent to £279.2m, while life assurance profits were £34m (1987: £30m.)Earnings per share were 127.6p, against 61.3p in 1987.

Lex page 16, Background, Page 28; Dutch insurers results 19

Pirelli puts its tyres vehicle on the road

By Alan Friedman in Milan

ITALY'S Pirelli group yesterday unveiled details of its plan to hive off its tyre operations and transfer them into a Dutch-registered holding company that is this year forecast to have $3.5bn of sales, making it the world's fifth largest tyre maker.

Pirelli Tyre Holding NV, as the Amsterdam-based vehicle is to be called, will seek to raise $250m to $300m from international investors by issuing new equity representing 25 to 30 per cent of the company's share capital.

The share offer, to be lead-managed by Morgan Stanley International, is expected to take place either in June or October, depending on market conditions. Aside from the quotation in the Netherlands the holding vehicle is also to seek a listing on London's SEAQ market.

The creation of the Dutch holding vehicle – with its control of 29 manufacturing plants in nine countries, its 33,500 employees and a new international supervisory board chaired by Mr Wisse Dekker of Philips – is for Pirelli a long-planned attempt to boost its fortunes in the increasingly competitive world tyre market.

Mr Andrea Travelli, the Pirelli group finance director who will serve as one of the tyre holding's board members, said in an interview that the new vehicle was being formed for two main reasons – to give greater visibility and a separate identity to the tyre business and to prepare for capital raising operations that will fund future acquisitions.

Until now Pirelli's tyre business has been incorporated into the group's complex structure, last year representing around 43 per cent of Pirelli's $7bn of total revenues; the rest consisted of sales from the cables and diversified rubber products divisions.

Pirelli has never broken out the profitability of its tyre business, nor has it ever produced a consolidated balance sheet; the latter will be unveiled with the group's 1988 results within the next four or five weeks.

Mr Travelli admitted, however, that even with the purchase last year (for $190m) of Armstrong Tire of Connecticut Pirelli is still only a member of the second league of leading tyre companies in turnover terms. The top three players are Goodyear, Michelin and Bridgestone of Japan and like all leading tyre manufacturers they are locked in a global fight for market share and sales.

Pirelli Tyre Holding

Sales:
1988: $3.0 billion
1988: $3.5 billion (forecast)
Ranking:
5th biggest in world tyre market
Share:
8% of world tyre market
Total assets:
$2.3 billion
Net equity:
$950 million
Net debt:
$800 million
Employees:
33,500
Factories:
29 plants in 9 countries
Figures are on a pro-forma basis for 1988

The second league of big tyre producers includes Continental of West Germany, which with its General Tire acquisition last year was ahead of Pirelli with $3.8bn of sales, and Sumitomo/Dunlop, which is just behind Pirelli in terms of world market share (7 per cent against Pirelli's 8 per cent), but had 1988 sales similar to Pirelli's $3bn.

Pirelli Tyre Holding is to be run by Mr Ludovico Grandi, who has managed the group's tyre division since 1984. Last November Pirelli transferred all its tyre companies into the holding except for Italy and Brazil, which had 1988 sales of $600m and $540m respectively. The Italian and Brazilian businesses were channelled into the Dutch vehicle last month.

Some 48 per cent of Pirelli's tyre sales (including Italy) are in Europe, where it ranks third in terms of total market share and second in terms of sales of a single brand name.

Among Pirelli's priorities for the new tyre company will be a drive to strengthen its sales on the truck and bus side, which now represent 22 per cent of total tyre revenues, below the sector average for other tyre makers. Pirelli is strongest in the car sector, which thanks to first equipment clients such as Fiat, Mercedes, BMW and Ford (Europe) accounts for 53 per cent of tyre sales, against an average of 45 per cent of most tyre companies' sales.

But Pirelli is weak in the US, where it is now investing $250m in Armstrong and hopes to begin annual production later this year of 300,000 Pirelli tyres. Armstrong helped bolster Pirelli's position in the agricultural tyre sector, but the Italian company has yet to become a first equipment supplier in North America, which it hopes to do by penetrating the high performance market in the next couple of years, possibly by means of a deal with General Motors.

On a pro-forma basis Pirelli Tyre Holding's $3bn of 1988 sales would have included a seven-month contribution from Armstrong, or around $300m. The rest of Pirelli's tyre sales grew by around 7 per cent last year, according to Mr Travelli, who says the new holding company will aim to expand in the US and in the Far East.

The choice of Amsterdam as headquarters for the new holding company was taken partly for tax reasons and partly in order to woo international investors that might find the Dutch market better regulated than the Milan bourse.

"Everybody," sighs Mr Travelli when asked why the tyre company didn't seek its first listing on Milan, "knows the story of the Italian market."

Swarttouw steps down as Fokker chairman

By Laura Raun in Amsterdam

MR Frans Swarttouw will step down as chairman of Fokker this year as expected, but the colourful executive will stay with the Dutch aerospace company as a member of its supervisory board.

Mr Swarttouw, 56, had given up most of his duties over the past year due to heart problems and has been under some political pressure to hand over the reins. Politicians in the Hague demanded that Mr Swartouw resign at the end of 1987 when the Dutch Government bailed Fokker out of financial difficulties, blaming him for the troubles.

But since that time Fokker has turned around dramatically, pulling itself out of the red and filling its order portfolio to the brim. Recently efforts have been made to credit Mr Swartouw with the rebound in an effort to pave the way for a graceful exit.

Mr Swarttouw's date of departure and successor were not announced yesterday, suggesting a possible power struggle. Two top candidates are Mr Erik Nederkoorn and Mr Ron van Duinen, the other two members of the management board, although an outsider could be brought in.

Mr Nederkoorn has been Fokker's most visible representative in recent months, signing a series of big orders which he apparently negotiated. Fokker makes short- to medium-haul airplanes and is 32 per cent State-owned.

Mr Swarttouw has served as chairman for 11 turbulent years, which he recently described as "enervating and to compare with a permanent war situation."

Mr Swartouw is one of the Netherlands' high-profile captains of industry – noted for his determination, daring and swashbuckling ways. The son of a successful Rotterdam "harbour baron," he initiated an ill-fated joint venture with McDonnell Douglas of the US, presided over the ambitious launch of two new aircraft simultaneously (the Fokker 50 and Fokker 100) and cultivated the US market which is now yielding fruit.

Contrasting results at Nat-Ned and Amev

By Laura Raun in Amsterdam

NATIONALE-Nederlanden, the Netherlands' biggest insurance company, lifted 1988 earnings by 12 per cent but Amev, the third largest insurer, posted 5 per cent lower profits.

Nat-Ned lifted its 1988 dividend by 8 per cent to Fl 2.80 a share and Amev kept its unchanged at Fl 2.55. Both companies predicted higher earnings for 1989.

Nat-Ned boosted its net income to Fl 787m ($373m) last year from Fl 703m in 1987 as dramatic increases in non-life insurance and professional reinsurance outweighed a modest decline in life insurance. Per-share earnings rose 7 per cent to Fl 6.38 from Fl 5.98.

Revenue jumped 17 per cent to Fl 20bn in 1988 from Fl 17bn.

The decline in life insurance was a result of the high costs of generating new business, particularly in the Far East. Non-life insurance continued to recover from the loss of 1986, thanks to improvements across the board – geographically and in products.

Nat-Ned set aside reserves for the new tax treatment of Dutch insurance companies expected this year and for higher longevity risks as a result of the ageing population. Without these provisions net income would have been Fl 82mn higher.

In contrast Amev's profits slipped to Fl 276m from Fl 292m as non-life insurance and other activities fell by more than life insurance rose. Per-share net income dropped 7 per cent to Fl 4.98 from Fl 5.32.

Revenue was flat at Fl 339.8m compared with Fl 339.6m.

Amev, which plans an alliance with Verenigde Spaarbank, the biggest Dutch savings bank, blamed its 1988 decline on comparisons with a particularly strong 1987.

In that year extraordinary gains were booked on the sale of a large office project and Security Mutual Finance, a US finance company.

Operating income in non-life insurance declined due to health insurance in the US and motor coverage in Spain, Amev said. Life insurance improved in the US and Spain and deteriorated in the Netherlands and Australia.

Amev said it expected per-share profits to climb this year despite the number of new shares which will be swapped with Verenigde Spaarbank, with the aim of a possible merger.

Berlusconi to acquire interest in Spanish TV

By Alan Friedman

MR Silvio Berlusconi, the king of Italian commercial television, has announced plans to acquire a 25 per cent stake in Telefutura, one of the three new Spanish commercial television stations set to begin broadcasting next year.

Although the field of contenders for a piece of Spanish television is already crowded by names such as Robert Maxwell, RTL of Luxembourg and TF1 of France, an aide to Mr Berlusconi said last night that the Italian entrepreneur "has got guarantees from the Spanish authorities that he will be allowed to buy a shareholding in Telefutura."

Mr Berlusconi has pioneered the commercial television business in Italy since the early 1980s and his three national networks – Canale 5, Rete 4 and Italia Uno – now command close to 45 per cent of prime time viewing audiences with a garish mix of Hollywood films, quiz shows, dubbed versions of Dallas, Dynasty and other soaps plus Mr Berlusconi's own inimitable brand of extravagant chorus girl-filled variety shows.

The Milan television magnate also owns 25 per cent of La Cinq, the French commercial station, as well as Capodistra of Yugoslavia. In West Germany, his Fininvest holding company owns 45 per cent of Tele 5, a Munich-based cable network with 3.2m subscribers. Mr Berlusconi's aide said CTL of Luxembourg is negotiating to acquire part of a further 45 per cent in Tele 5.

The Berlusconi group is also in talks with West Germany's Springer group about a media alliance that would see Fininvest selling part of its Tele 5 stake to Springer.

De Benedetti wants a profit on La Générale

MR CARLO De Benedetti, the Italian financier, has confirmed he will sell his 15 per cent stake in Société Générale de Belgique (La Générale), but not before making a profit on his controversial purchase in the Belgian company, writes David Buchan in Brussels.

Mr De Benedetti said in a French radio interview that since he and Cerus, his Paris-based investment company, failed in their bid to become "the industrial operator (of La Générale) . . . we will sooner or later cede this stake."

The average price paid for the La Générale stake was between BFr4,500 and BFr4,800, local stockbrokers believe. This compares with a current market price of BFr4,700.

If Mr De Benedetti sells soon, he will be competing with the planned sale by Sodinvest of its 12 per cent stake in La Générale this summer.

Tettamanti's Sulzer stake bought by Werner Rey

By Our Financial Staff

MR WERNER REY, the Swiss financier, has ended 18 months of uncertainty over shareholdings in Sulzer Brothers by purchasing the remaining 10 per cent stake in the Swiss engineering group held by Dr Tito Tettamanti and his Saurer Gruppe Holding.

Omni Holding, the parent company of the group controlled by Mr Rey, paid a total of SFr136m ($83.4m) to raise its stake in Sulzer from 20 per cent to 30 per cent. Omni said the acquisition "restores clarity to Sulzer's shareholding structure and signals an end to an extended and distressing period of insecurity."

Mr Tettamanti led a shareholder group which in the autumn of 1987 took control of some 35 per cent of the voting capital of Sulzer. The group hoped to spur the Winterthur-based group into improving its financial performance, but Sulzer refused to enter into the share register a large part of the group's holding, thus removing the shares' voting rights.

The company broke off discussions with the syndicate in December 1987 and had discussions with potential industrial partners, but talks with the Tettamanti group were resumed before breaking down again last March.

The following month, Mr Rey partially broke the deadlock by purchasing a 20 per cent stake from the syndicate.

Yesterday Omni expressed its confidence in the present Sulzer management which is headed by Dr Fritz Fahrni, and stated its intention to "continue to participate actively in the formulation of future corporate strategies."

France wants more time to study Framatome deal

By George Graham in Paris

THE FRENCH Government has asked Framatome, the nuclear plant constructor, to delay signing a co-operation agreement with Kraftwerk Union, its West German competitor and a subsidiary of the Siemens group.

Government officials hastened to deny that they had any fundamental objections to the agreement, and said they hoped to be able to give the go-ahead in a week, or perhaps slightly more. They needed, however, more time to study the details of the agreement.

Framatome, although controlled by CGE, the privatised engineering and telecommunications group, has the Commissariat de l'Energie Atomique, the state atomic energy authority, as a major shareholder, with a blocking minority of its capital.

Preparations for the agreement have been under way for several months, and the opulent Pavillon Gabriel, a stone's throw away from the Elysée Palace, had been booked for Thursday for a presentation of the details of the accord.

The link was expected to focus on the construction and financing of nuclear reactors in third countries, where substantial overcapacity exists, as well as on the nuclear service sector.

Framatome has already undertaken similar discussions with Babcock and Wilcox in the US, so far reaching agreement in the nuclear fuels sector. KWU has an agreement with Asea-Brown Boveri.

INTERNATIONAL COMPANIES AND FINANCE

ICI finds new formula for India

David Housego on the UK chemical group's decision to stay put

The decision by ICI to maintain a substantial corporate presence in India, as confirmed on a recent visit by Mr Denys Henderson, chairman of the British diversified chemicals group, is a sign of the fresh interest in India being taken by multinationals.

ICI, which through its Indian Explosives subsidiary, manufactures fertilisers, pharmaceuticals, paints, artificial fibres and specialty chemicals, is the second largest foreign-owned group in the country, with a turnover of Rs5.6bn ($363.1m).

But Indian Explosives has been through a long and difficult patch with internal restructurings, stagnant sales, low levels of profitability by ICI standards and a staff demoralisation as a result of uncertainties over the parent group's intention.

Mr Philip Daubney, the British managing director, called in four years ago to provide tighter management control following an amalgamation of ICI's Indian subsidiaries under the Indian Explosives umbrella, has cut costs, reduced staff, provided a new strategy for the group and improved profitability.

But it was by no means certain until the end of last year that ICI would not pull out of India or at least sell off chunks of its operations. Takeover rumours were rife that one of the ambitious new Indian petrochemical giants like Reliance or RPG Enterprises of Mr R.P. Goenka would snap up the British stake.

Mr Henderson concedes that Indian Explosives' profit performance had "not been very sparkling" and that 1986-87 was a "lousy year." Pre-tax profits as a percentage of turnover have climbed from 6 to 7 per cent in the early 1980s to a current level of 9 per cent, compared with a current ICI group average of 12-13 per cent.

Indian Explosives suffered from being low on ICI's priorities for much of the 1980s – while the British group was preoccupied with its European and US operations – and from being out on a limb in terms of both the group's global strategy and its call on ICI funds.

ICI also had doubts over how worthwhile it was to maintain a large equity presence in a country where foreign companies were faced with the restrictions of the foreign exchange regulations as well as the difficulties faced by Indian companies over obtaining new licences, expanding capacity, or importing new equipment.

The group suffered a major setback when it lost out to Indian competitors over a Rs6bn natural gas powered fertiliser plant at Shahjahanpur in Uttar Pradesh. Among the factors that weighed in ICI's decision to stay was Mr Henderson's belief that "the investment climate has changed over the last two or three years" towards greater liberalisation and that there was a realisation within the Government that "India must consider itself part of the world market."

ICI is also attracted by India's large middle class market and a demand for chemicals expanding in real terms at 8 per cent a year. Within that overall figure, it sees plenty of opportunities for introducing products and technologies where ICI has built up a worldwide reputation.

The tangible sign of ICI's renewed commitment to India is that Indian Explosives, in which ICI has a 51 per cent stake, will be renamed ICI India – thus reasserting its British and multinational identity. The Indian company, as Mr Henderson sees it, will thus be more closely integrated with group headquarters.

It will have the commercial advantage of making more extensive use of the ICI brand name. And the change will also be a morale booster to ICI Indian employees by putting an end to takeover rumours.

But Mr Henderson makes no promise of new investment funds from the parent group. ICI India "will have to fight its corner," he says. "There will be no special treatment."

Planned investment over the next five years will be Rs2bn – which is small by the standards of India's rising petrochemical groups. But ICI does not want to repeat what it now regards as the mistake of bidding for major fertiliser complexes or in putting up off-the-shelf petrochemical plants in which it does not have a competitive advantage.

Denys Henderson: does not promise UK investment

"We are repositioning ourselves," Mr Daubney says. "We are focusing on areas where we have an inside track" in terms of new products or technologies. Mr Henderson adds that the emphasis is also on areas where the group will not be put in a straitjacket by government regulations and administered prices. In practice this means that ICI will soon be manufacturing in India its heart drug, Tenormin.

In paints it hopes to regain market share from Asia Paints through bringing in more high to medium quality lines that have sold well elsewhere in the world. In agrichemicals it plans to introduce its Karate insecticide, an advanced synthetic pyrethroid that was developed in the UK. "Once you get a world beater, you push it round the world," says Mr Henderson.

Over the next few years ICI will add three or four new businesses. It already has a government licence to set up a polyurethane plant to make shoe soles, insulation materials and engineering plastics.

Once demand builds up sufficiently it will integrate backwards with an MDI plant. It is seeking government permission to manufacture energy efficient FM-21 membrane cells for the chlor-alkali industry.

Its most recent investment – a £25m ($42.7m) polyester staple fibre plant at Thane, near Bombay – has, however, run into problems because it has been completed at a time of an unexpected combination of rising material prices and excessive government licensing of new polyester plant that has resulted in surplus capacity for fibre producers.

"We will have to slog it out for a couple of years," says Mr Henderson. In the immediate future 25 per cent of output will be exported.

While diversifying into new products, ICI intends to push for further cost reductions. It has reduced its Indian workforce from 10,000 in 1983 to 8,100 now.

It has also sold its polythene plant at Rishra, near Calcutta, which was incurring losses because of difficulties obtaining the molasses-based alcohol on which it depended for its feedstock. ICI India also intends to put greater effort into marketing. "This company has been more technology-driven," says Mr Daubney. "Now we shall go back to the customer and find solutions to his problems with him."

Gammon India thwarts hostile takeover bid

By R.C. Murthy and Gita Piramal in Bombay

GAMMON INDIA, a Bombay civil engineering company, has thwarted a hostile takeover bid by Mr Manu Chhabria, a Dubai-based businessman of Indian origin.

A shareholders' poll conducted under the auspices of a Bombay High Court judge showed that 60 per cent of votes cast were in favour of the incumbent management of the 60-year-old company.

The present management team is headed by Mr James Bates, the chairman, and Mr T.N. Subba Rao, the managing director.

The poll closes a year-long battle for control of the company which despite its modest Rs103m ($6.7m) turnover has been fought in the courts and the front pages of local newspapers.

In the most recent move, Mr Chhabria sought court intervention to defer the meeting when he realised the majority of shareholders were against him.

The failure is rare for the 43-year old Mr Chhabria, who in the last five years has created India's eighth largest business group almost entirely through takeovers.

The Indian interests of the Rs11.1bn Chhabria group include tyres, liquor, electronics, engineering and paints.

Still undisclosed, however, is the identity of the white knight whose support for Gammon management – along with that of state financial institutions holding 6 per cent of the equity – swung the fight in the board's favour. The other party may now reveal its identity and request a seat on the board.

A spokesman for Mr Chhabria said he would hang on to his 33 per cent shareholding "for the time being."

Mr Chhabria acquired an initial 12.8 per cent from the London-based Mr Andrew Gammon last year. However, his half-brother on the Gammon India board, Mr Peter Gammon, refused to sell his stake.

The shares, which had stood at Rs20, reached Rs220 at the peak of the battle. They are now back to Rs95, which values the Chhabria holding at Rs67.8m.

CSR settles with SGIC over asbestos claims

By Chris Sherwell in Sydney

CSR, THE Australian industrial group, has settled its legal dispute with the Western Australian State Government Insurance Commission (SGIC) over claims against CSR by sufferers of asbestos-related diseases.

The agreement will save both parties growing embarrassment over the failure to settle claims by hundreds who are suffering from asbestosis and the incurable lung-cancer, mesothelioma.

It will also reduce CSR's direct liability significantly.

The dispute concerned cover for Midalco, the CSR subsidiary which operated the Wittenoom asbestos mine in Western Australia between 1943 and 1966.

The SGIC announced last September that its unlimited cover for the 1959-66 period was "inoperative," and CSR took it to court.

Yesterday the two sides agreed to fund equally settlements relating to this period. CSR said the agreement would entail contributions of about A$15m (US$12.4m) each.

It also said it would continue to fund settlements totalling about A$20m for those who worked at the mine before 1959.

The SGIC's move last September followed the Victorian Supreme Court's rejection of a CSR appeal against the award of A$250,000 in exemplary damages to Mr Klaus Rabenalt, a former Wittenoom employee suffering from mesothelioma. Mr Rabenalt also won A$426,000 in compensatory damages.

The SGIC said CSR was aware of the dangers of asbestos dust, had failed to take reasonable precautions and did not fully disclose the dangers of the mine to the commission.

CSR angrily dismissed the allegations and accused the commission of failing to provide reserves to cover claims or to take out adequate reinsurance.

Yesterday's agreement means both sides have effectively admitted some responsibility for the Wittenoom mine, which has been dubbed "Australia's Bhopal," because of the death and disease it has wrought.

INTERNATIONAL COMPANIES AND FINANCE

Qintex tie seen as Kerkorian coup

By Anatole Kaletsky in New York

MGM/UA Communications, the recently revived Hollywood film and television studio, reported quarterly earnings yesterday which shed new light on the complex $1bn merger deal agreed with Qintex Group of Australia last weekend.

The company's results, covering its second fiscal quarter to February 28, 1989, suggested that Mr Kirk Kerkorian, its legendary controlling shareholder, may have achieved another financial masterstroke in the Qintex deal.

MGM/UA lost $14.7m or 29 cents a share after tax in the second quarter, despite dramatic growth in its revenues from theatrical and TV film distribution.

In the second quarter of 1988 MGM/UA incurred a net loss of $4.6m or nine cents, but the two results were not directly comparable because of the 63 per cent increase in operating costs to $231.7m, connected with this year's much bigger production and distribution commitments.

The more remarkable aspect of the results announcement came in the evidence that the company's growing prosperity was based largely on its latest film and TV productions. Under his Qintex deal, Mr Kerkorian will retain ownership of these lucrative properties.

MGM/UA said its theatrical distribution revenues more than doubled in the second quarter to $116.9m, largely because of the success of Rain Man, the Dustin Hoffman film which won four Academy awards. In addition to this success in the US market, it said foreign rentals of Willow and A Fish Called Wanda had proved extremely strong.

The company said theatrical returns from the first quarter of 1989 showed that MGM/UA had risen to number one in box office revenues in the US market, with a market share of 17 per cent. Two years earlier, its share was only 1 per cent.

In television, MGM/UA said its most popular series, Thirty Something and In the Heat of the Night, were holding their number one positions in their respective time-slots, while a new quiz show, Straight to the Heart, had delivered "an outstanding performance" since its debut in March.

When Qintex buys MGM/UA for $1bn, Mr Kerkorian's Tracinda Corporation will simultaneously repurchase for $250m the MGM name and logo along with the 34 feature films the company has produced since 1986 and the MGM/UA Television Production Group.

Qintex will end up paying $750m for the 4,000 pre-1986 movies in the MGM/UA library, merchandising activities, a theatrical and TV distribution network and the present film production business.

US pension funds step up battle for investor voice

By Janet Bush in New York

THREE OF the largest public US pension funds are about to challenge several leading corporations to withdraw voluntarily from the protection of Delaware anti-takeover law.

The California Public Employees Retirement System, which runs a $49bn pension fund, will challenge Lockheed at its annual meeting next month. This is the latest stage of a two-year drive to sponsor shareholder resolutions aimed at giving pension fund investors a more active voice in the management decisions of top companies.

The New York City Employees Retirement System will bring up the same point at the annual meetings of Kimberly-Clark and Boeing; and the California State Teachers Retirement System will issue a challenge to Ford.

The challenge to management's protection under Delaware law is particularly significant, not because the state's anti-takeover laws are more stringent than elsewhere but because 56 per cent of Fortune 500 companies are incorporated there and 45 per cent of companies traded on the New York Stock Exchange.

The move by the three pension funds does not appear to have been formally co-ordinated but the campaign on several fronts does point to a trend in which pension funds are demanding a more active role in the management decisions of companies in which they invest.

The campaign has come in for some criticism in light of increasing concern among public pension funds about the potentially damaging effect on local economies of hostile takeovers.

One official who has been involved with a New York State task force examining pension fund policy towards takeovers and leveraged buyouts commented: "On the face of it, I don't see any long-term logic to this. What are these funds doing – setting themselves up to make money from hostile takeovers?"

Mr Basil Schwan, assistant executive director of the California Public Employees Retirement System, rejects this criticism, saying that his pension fund is not for or against hostile takeovers.

The campaign, he believes, is part of a drive towards pension funds using their muscle to improve management performance. "What we are against are entrenched managements making decisions which affect the future of the company without shareholder approval," he said. His Californian fund owns around 800,000 shares of Lockheed out of a total of 59.3m, a tiny proportion.

Mr Schwan said it is difficult to judge how successful the shareholder resolution will be but that other public pension funds are becoming more active in ensuring a more substantial policy-making role for investors.

Provigo earnings hit by poor health side

By Robert Gibbens in Montreal

PROVIGO, Canada's second largest food distributor, saw profits decline last year following poor performances in some areas.

The group's net income dropped to C$60.2m (US$50.7m) or 71 cents a share in the year to January 28, from C$67.2m or 80 cents a year earlier on net sales, including its consumer goods retailing activities, up 17 per cent at C$7.4bn.

Mr Pierre Lortie, chairman and chief executive, said the 1989 results were disappointing. He said the strong results for the food and convenience groups were overshadowed by difficulties in the Medis health and pharmaceutical services and the "poor performance" of ToyCity. The health and pharmaceutical group suffered a loss of C$2.8m, against a profit of C$3.2m a year earlier while the convenience group saw profits increase by 6 per cent to C$10.8m.

IBM enters back-up systems market

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines has entered the market for providing emergency back-up systems for businesses that are critically dependent on computers.

It said it would provide mainframe and minicomputer systems at recovery service centres in the US.

The market for such services is growing rapidly as financial institutions, insurance companies, retailers and others recognise their dependence on computer systems. US banks are required by law to maintain a back-up system that can be tapped in the event of a big computer failure or natural disaster.

IBM's entry into the field represents a challenge to market leaders Sunguard and Comdisco, which dominate the US market for disaster recovery systems. IBM said its disaster recovery services were limited but it planned to expand them later this year.

The US disaster-recovery market is valued at only about $200m per year, but is growing at about 25 per cent per year, according to industry experts.

Recent disasters such as the Los Angeles earthquake that disrupted the computer operations of a real estate title company and last year's fire at a Chicago telephone exchange that knocked out data communications for several companies have emphasised the need for back-up services.

Simmons cuts Lockheed stake

MR HAROLD Simmons, the Dallas investor has reduced his stake in Lockheed, the big US military contractor, to 4.2 per cent from 5.3 per cent, Reuter reports.

In a filing with the Securities and Exchange Commission, he said the shares were sold because of their performance and the company's sale of shares to an employee stock ownership plan.

INTERNATIONAL APPOINTMENTS

Hill & Knowlton post for ex-EC Commissioner

MR STANLEY Clinton Davis, whose political career has included service as EC Commissioner and as a British MP and member of the Labour Government, has joined Hill and Knowlton, worldwide public relations and public affairs counselling firm, as European affairs senior adviser.

As a member of the Commission of the European Community from 1984 to end-1988, Mr Clinton Davis was in charge of environment, nuclear safety and transport.

He was Parliamentary Under-Secretary of State for Trade from 1974 to 1979 in the Labour governments of Harold Wilson and James Callaghan. He was Opposition Spokesman for Trade from 1979 to 1981, and then for Foreign Affairs until 1983.

★ ★ ★

HONGKONG and Shanghai Banking has appointed Mr Graham Watson to the new post of UK public affairs manager, based at the bank's City of London office.

He was formerly with TSB, the British financial services group, serving as senior press and public affairs executive. From 1983 to 1987, he was head of the private office of Liberal Party leader David Steel.

★ ★ ★

US COMPUTER group Amdahl announced a strengthening of its European management structure through expansion of its senior management team and establishment of an office of the chairman – Europe.

Within that office, Mr Peter Williams, formerly general manager of Amdahl activities in Europe, becomes chairman of European operations, while Mr Mornay Mahoney joins the group as European vice president and general manager.

★ ★ ★

XEROX, the US diversified reprographics and financial services group, declared that vice chairman Mr William Glavin, 57, will be taking early retirement from June 1.

He will become president of Babson College, in Wellesley, Massachusetts.

INTERNATIONAL CAPITAL MARKETS

Keen interest in £400m Italy Eurosterling deal

By Andrew Freeman

THE Republic of Italy yesterday launched a £400m Eurosterling deal via Credit Suisse First Boston. The deal, launched around midday, was described by CSFB as "significant for the sterling market."

It added that the deal was the largest bond issue launched away from the gilt-edged market and was in line with the UK government's stated desire for gilt substitutes.

The 25-year bonds were priced at 100⅞ per cent and were launched at 114 basis points above the benchmark long gilt. The lead manager was quoting the paper at less 2 bid, inside fees, and said the bonds had always been within fees.

The syndicate on the deal was small, with just five co-lead managers, one of which is understood to have taken no bonds.

CSFB said it had underwritten £275m itself, with the other managers trying to place the remaining £125m. The syndicate was not making prices to brokers, but some prices did appear in the market.

Non-UK investors were prominent in selective demand for the paper.

Two accounts are understood to have each taken 10 per cent of the deal, but UK institutional interest which would normally underpin a long-dated Eurosterling issue was noticeably absent.

Some leading UK institutions said they had been sounded out by CSFB yesterday morning about a pricing of 105 basis points above gilts and confirmed that they had told CSFB the bonds would be too expensive.

INTERNATIONAL BONDS

The issue did attract some switching activity. However, there was controversy among gilt traders when prices of long bonds fell by around ½ point in the morning as talk of the forthcoming Italy deal circulated.

CSFB was rumoured to have sold 1,000 gilt futures contracts. An official would not confirm the number of contracts, but said the selling had been to cover switching out of gilts.

The proceeds were unswapped. The purpose of the issue was to re-finance existing debt which is due to expire.

Elsewhere, two convertible issues for Mitsubishi Bank had relatively slow starts amid lack of initial demand. Both the DM500m and the $300m deals were trading inside fees at less 1⅞ bid according to the respective lead managers. The proceeds of the dollar deal were unswapped.

A $200m floating-rate issue with warrants for Abbey National Building Society was brought by Baring Brothers. The bonds were quoted on fees at 101.45 bid by the lead manager, but there was widespread comment among traders that the warrants were too expensive.

An Ecu200m deal for the European Investment Bank was launched late by Swiss Bank Corporation. The eight-year bonds were quoted just inside fees at less 1.95 bid.

● The coupon on Swiss nuclear power utility Kernkraftwerk Leibstadt's SFr125m bond has been set at 5¼ per cent and its issue price at 99¾ per cent. The bond, with a maximum maturity of 10 years, may be raised to SFr150m.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
Italy, Republic of	400	10½	100⅞	2014	2½/1½	CSFB
Abbey National B.Soc.♥‡♦	200	(d)	101.50	1990	15bp	Baring Brothers
US DOLLARS						
Mitsubishi Bank§	300	(3½)	100	2004	2½/1½	Mitsubishi Finance Int.
Tobu Railway Co.♦	300	(5¼)	100	1994	2¼/1½	Yamaichi Int. (Europe)
Santander Fin.Issuances♦	200	(7⅝-7¾)	100	1999	2¼/1½	Morgan Stanley Int.
Sanchiko Co.♦	100	(5⅞)	100	1994	2¼/1½	Daiwa Europe
Shiroki Corp.♦	80	(5⅞)	100	1993	2¼/1½	Nomura Int.
ECUs						
EIB(e)♦	200	8	102	1997	2/1¼	SBC
D-MARKS						
Mitsubishi Bank§	500	(2½)	100	1994	2¼/1½	Deutsche Bank
SWISS FRANCS						
Toyo Trust & Banking(a)§	100	(½)	100	1994	n/a	SBC
Toyo Trust & Banking(a)§**	100	(½)	100	1994	n/a	SBC
Yamanaka Co.(b)§**	50	(½)	100	1993	n/a	Credit Suisse
YEN						
Girozentrale-Vienna(c)♦	2½bn	6.5	101⅝	1993	1⅝/1⅛	Nippon Credit Int.
Girozentrale-Vienna(c)♦	2½bn	6.3	101⅝	1993	1⅝/1⅛	Nippon Credit Int.

**Private placement. §Convertible. ♦With equity warrants. ♥With bond warrants. ‡Floating rate notes. ♦Final terms. a) Indicated put option 30/9/91 at 104 to yield 2.112%. b) Indicated put option 20/9/91 at 104¼ to yield 2.23 2%. c) Redemption linked to Nikkei stock index. d) 3-month Libor flat. With warrants to buy 11% bond due Dec.19 99 and priced at par plus accrued interest. e) Non-callable.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 5

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	†92¾	93¼	+0¼	+0¾	10.54
B.F.C.E. 7 92	150	†91⅞	92¼	0	+0¼	10.24
B.F.C.E. 9¼ 95	150	96¼	96⅞	+0⅛	+0⅞	9.97
Brit. Tel. Fin. 9⅝ 98	250	96¼	97¼	+0¼	+1⅞	9.85
Canada 9 96	1000	97½	97¾	+0¼	+1⅝	9.53
Canadian Pac 10¼ 93	100	†100⅝	101⅛	+0⅞	+0⅞	10.45
C.C.C.E 9¾ 95	300	†97	97⅞	+0⅛	+1¼	9.91
C.N.C.A 9¾ 93	150	†97⅞	98⅜	+0¼	+1⅜	9.86
Credit Lyonnais 9 91	200	†97⅞	98⅜	+0¼	+0⅜	10.11
Credit National 8¼ 93	200	†94	94½	+0¼	+1¼	10.04
Credit National 7⅞ 92	100	92⅞	93¼	+0⅛	+0⅞	10.15
Credit National 9½ 92	160	98⅞	99⅜	+0¼	+1⅛	9.76
Dai-Ichi Kan 9⅝ 92	150	98	98½	+0¼	+0⅜	10.21
Denmark 7⅞ 92	500	92¼	92¾	+0¼	+0¼	10.22
E.E.C. 7 91	100	92⅞	93⅛	+0⅛	+0¼	10.04
E.E.C. 7¼ 93	250	91	91⅝	+0⅛	+0⅞	10.05
E.E.C. 8 90	350	†96⅝	97⅛	+0¼	+0¼	10.38
E.I.B. 7⅝ 93	100	90⅞	91⅛	+0¼	+0⅞	10.07
E.I.B. 9¾ 97	150	†97⅞	97⅝	+0⅛	+1⅞	9.83
Elec. De France 9 98	200	95	95¾	+0¼	+1⅜	9.84
Finland 7⅞ 97	200	89⅛	89½	+0⅛	+1¼	9.90
Finn.Exp.Cd. 8½ 92	200	95⅝	96⅛	+0⅛	+0⅞	10.18
Finn. Exp. Cd. 9⅞ 95	200	96½	97¼	+0¼	+1	10.02
Ford Motor Credit 8 91	250	†96	96½	+0¼	+0⅝	10.20
Gen.Elec.Cap.Corp. 9 93	500	95¾	96½	+0¼	+0⅞	10.06
Gen Elec Credit 10¼ 00	200	99½	100⅛	0	+0¼	10.28
Gen.Mtrs.Corp. 9⅜ 92	200	96⅝	97⅛	+0⅛	+0⅝	10.26
Halifax BS 9½ 93	200	†96⅞	97⅞	+0¼	+0⅞	10.27
IBM Credit Corp. 8⅞ 91	250	97¼	97¾	+0⅛	+0⅝	9.98
IBM Credit Corp. 9½ 92	250	98⅞	99⅜	+0⅛	+0⅝	9.84
Italy 9½ 95	1000	97⅝	98⅛	+0¼	+1⅛	9.90
Italy 9⅝ 99	1000	97⅞	98⅜	+0¼	+1¼	9.90
L.T.C.B of Japan 8 91	100	94⅝	95¼	+0⅛	+0⅝	10.52
L.T.C.B. of Japan 9¼ 92	200	96½	97⅛	0	+0⅜	10.30
Metropolis Tokyo 9½ 93	200	98⅝	99⅛	+0¼	+0⅞	9.80
Nippon Tel.&Tel. 9⅝ 98	250	96¼	97⅛	+0¼	+1⅛	9.83
Norway 8¼ 93	500	95⅞	96½	0	+0¼	9.98
Portugal 8¼ 91	300	†95⅞	96⅜	+0⅛	+0⅝	10.53
Prudential Crp. 8⅜ 94	125	95	95½	+0⅛	+1	9.93
Qantas Airways 10⅛ 95	140	101¼	102	+0⅛	+0⅞	9.99
Saskatchewan 10⅞ 92	100	101⅛	101⅞	+0¼	+0⅝	10.11
State Bk S Aust 9¼ 93	100	96⅝	97¼	+0⅛	+0¼	10.21
Sumitomo Bank 9⅝ 92	150	98⅛	98⅞	+0¼	+1	10.11
Swed Exp Cred 7¼ 91	100	†93⅞	93⅞	+0¼	+0⅞	10.03
Sweden 7 91	250	93⅛	93⅝	+0⅛	+0⅝	10.08
Sweden 8¼ 96	200	94½	95⅛	+0¼	+1¼	9.80
Sweden 8½ 92	200	†95⅝	96⅛	+0⅛	+0⅝	9.96
Toyota 9½ 91	200	97⅞	98¼	+0¼	+0¼	10.34
Victorian Rep 11⅝ 92	150	103⅛	103¼	0	+0½	10.27
World Bank 7 92	300	†92⅞	93⅛	+0¼	+0⅜	9.89
World Bank 9 97	300	95	95½	+0⅛	+1¼	9.84
World Bank 9¼ 98	300	96¼	97	+0⅛	+1¼	9.79
World Bank 9⅝ 99	500	98⅝	99⅛	+0¼	+1⅛	9.78
Yasuda Trust Fin 8½ 93	100	†93½	94½	+0¼	+0¼	10.30

Average price change... On day +0⅛ on week +0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	97⅝	98¼	+0¼	0	6.42
Avis Fin.SVS 5⅞ 92	100	98⅛	98⅝	+0⅛	+0¼	6.50
Bank of Tokyo 5¼ 93	100	96⅞	97⅛	+0⅛	-0⅛	6.61
Central BK. Turkey 7 92	200	100¼	100⅞	0	+0½	6.81
Commerzbank o/s. 5⅝ 93	300	96⅛	96⅞	+0⅛	-0⅛	6.40
Degussa Int. 6⅛ 97	200	94⅞	95⅜	+0½	-1¼	6.93
E.I.B 5½ 98	150	91	91¾	0	-0¼	6.80
E.I.B. 6¼ 99	600	96⅛	96⅝	+0¼	+0¼	6.78
E.I.B. 6⅛ 96	300	96⅝	97¼	+0⅛	+0¼	6.65
E.I.B. 6⅜ 97	400	95⅞	96⅜	0	+0¼	6.77
E.I.B. 6⅞ 95	300	100⅞	101⅜	+0⅛	+0¼	6.65
Euro.Coal& Steel 5⅞ 97	175	94½	95⅛	+0¼	+0⅝	6.73
Eurofima 6¼ 96	100	97⅞	98⅜	-0½	-0¼	6.56
Elec De France 5¾ 97	300	93⅝	94⅜	0	-0¼	6.72
Forsmark Krtg. 5½ 93	200	94¼	95	0	-0¼	6.73
I.A.D.B. 6 97	200	94⅝	95¼	0	-0¼	6.84
Japan Dev. Bk. 5⅝ 95	300	93⅞	94⅜	+0⅛	+0⅛	6.66
Japan Finance 5¾ 97	100	93⅛	93⅞	-0⅛	+0¼	6.84
Ireland 6½ 97	300	98⅛	98⅝	0	+0¼	6.74
Malaysia 6¼ 94	150	100⅝	101⅛	0	0	6.01
Nat. West BK. PLC 6 98	300	93⅞	94⅝	0	+0½	6.87
N.K.L. Finance 6¼ 95	200	†95½	96	-0¼	-1¼	7.07
Nippon Telg.&Tel. 6 95	400	97⅞	98⅜	+0¼	+0⅛	6.21
Oesters. Kontbk. 5 93	300	95⅞	96⅛	0	-0½	6.24
Portugal 5¾ 92	150	97⅛	97⅝	-0⅛	+0⅛	6.64
Portugal 6⅝ 95	150	98⅞	99⅜	+0⅛	+0⅛	6.81
Privatbanken 5¼ 93	150	95	95⅜	+0⅛	+0⅛	6.63
Royal Insurance 5½ 92	300	97⅝	98⅛	0	+0⅝	6.29
Soc Cent Nuclear 7¼ 95	150	100⅞	101⅛	0	+0¼	6.99
Turkey 6½ 95	500	96⅞	97½	+0⅛	0	7.09
Union Bk.Finland 5½ 94	200	94⅜	94⅞	0	0	6.85
Westlb. Finance 5 93	200	†94⅞	95⅜	+0⅛	+0⅛	6.41
World BK. 6¼ 97	600	97⅛	97⅝	+0¼	+0⅛	6.79

Average price change... On day +0⅛ on week +0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†95½	96	0	-1	5.72
Asfinag 5 03	100	†93	95	+1¼	+0⅞	5.62
B.F.C.E. 4½ 98	200	†91⅞	92	0	-0⅞	5.65
B.M.W.Fin.Neth. 5 13	150	†87½	88¼	-0¼	-0¼	5.96
Britannia B/S. 4¼ 94	100	†92⅞	93½	0	-0½	5.82
CIR. Int. W/W 3 93	125	†93	93½	-0⅛	+0¼	4.77
Credit Lyonnais 4¾ 00	100	†90½	91	0	0	5.90
E.I.B 4⅝ 98	150	†92½	92¾	-0⅞	-0½	5.67
Fletcher Chall. 4⅞ 98	150	†90	90¼	-0½	-0⅝	6.35
Kobe City 4⅝ 98	150	†93¼	93⅞	+0¼	+0⅞	5.54
Leeds Perm. B/S. 4⅛ 93	200	†92½	92⅞	+0¼	-1⅛	6.25
Malaysia 5¼ 98	100	†94	95	0	+1	6.04
Maxwell Comm.Crp. 5 95	150	†95½	96	+0⅛	-2¼	5.83
Nat.Bk. Hungary 5½ 94	75	†97	98	-0⅛	+1¼	6.02
Nationwide Ang.B/S. 4 93	200	†92	93½	0	-0⅛	6.00
Nippon Telg.&Tel 4¼ 95	200	†95¼	95⅝	+0½	0	5.09
Oesters. Ktbk. 5 03	75	†94	94⅛	-0¼	+0⅛	5.60
Prov. Newfoundland 5 03	150	†96	96½	0	-0¼	5.37
Thailand 4⅝ 95	200	†93¼	94¼	0	-0¼	5.84
World Bank 5 03	150	†95¼	96½	-0⅛	-0⅝	5.39

Average price change... On day 0 on week -0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅞ 91	80	101⅞	102	-0⅛	0	5.04
Canada 5⅝ 93	80	102	102¼	-0⅛	+0¼	5.05
Eurofima 5 1995	20	99	99½	0	+0½	5.15
E.I.B. 4⅞ 93	30	99	99½	0	+0¼	5.12
Ireland 5⅛ 93	30	100	100½	+0⅛	+0½	5.05
Norway 5⅛ 95	50	100¼	100⅝	0	+0½	5.08
Sweden 4⅝ 93	50	98⅛	98⅝	0	+0⅜	5.10
World Bank 5⅛ 98	10	100	100½	+0¼	+0⅛	5.09
World Bank 7 94	20	108	108½	0	+0½	5.11

Average price change... On day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS. 10¼ 93 £	50	96⅝	97⅜	0	-0¼	11.23
Abbey Nat. 11⅝ 95 £	100	98⅞	99⅝	+0⅛	-0⅜	11.79
Alg. Bk. Ned. 5½ 92 FL	150	95¼	95¾	0	-0⅛	7.29
Alg. Bk. Ned. 5¾ 93 FL	200	97⅛	97⅝	0	+0⅜	6.52
Austria 7½ 94 ECU	100	96	96½	+0¼	+0⅛	8.45
Bk.Nova Scot.14⅛ 90 A$	75	95½	96½	+0¼	+0¼	17.19
Barclays Aus.13½ 91 A$	100	95⅛	95⅞	+0⅛	-0¼	15.60
BP Capital 9¾ 93 £	100	93⅝	94¼	-0⅛	-0½	11.74
British Airways 10 98 £	100	92⅛	92¾	0	-0⅝	11.40
Bahrmann-Tet. 6⅜ 93 FL	100	96⅝	97⅛	0	0	7.24
Comm.Bk.Aust. 12⅝ 93A$	100	92	92½	+0¼	-0⅜	14.15
Coop.Ctr.Rabo.6¼ 93 FL	100	98⅛	98⅞	0	+0⅛	6.66
Coop.Ctr.Rabo.6 92 FL	200	97½	98	0	+0⅛	6.78
Dixons 11 95 £	90	†96¼	97¼	+0¼	-0⅛	11.63
Dent.Bk.Aus. 13⅛ 93 A$	125	96⅛	96¾	+0¼	+0¼	14.39
Eastman Kodak 13 90 A$	100	95⅛	95⅝	+0¼	-0¼	16.80
E.I.B. 7 96 LFr	100	†97¼	98¼	0	0	7.43
Elec.France 10¼ 95 C$	125	†96⅛	96⅝	0	+1	11.07
Euratom 7⅞ 97 ECU	145	91⅝	92⅛	0	0	8.82
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†95⅜	95⅞	0	+1	11.44
Fed.Bus.Dev.Bk.10½ 93	50	96½	97	-0⅛	+0⅞	11.48
Ford Cr.Can.10⅞ 93 C$	100	†97½	98	0	+1	11.48
Ford Cred.Can.10⅞ 96C$	125	97½	98⅛	0	+0⅞	11.35
Ford Mtr.Cred.7½ 91ECU	100	96⅛	96⅞	0	-0⅞	8.97
G.M.A.C. 9¾ 93 C$	150	†94⅝	95⅛	0	+0⅝	11.37
Honda Intl. 7⅞ 93 Ecu	100	†96¼	96¾	0	+0¼	8.80
Hydro-Quebec 11 99 C$	400	98½	98¾	+0⅛	+1⅛	11.23
Lloyds Bank 10¼ 98 £	150	93⅛	93¾	-0⅛	-0¼	11.47
Lloyds Bank 11¾ 98 £	100	97⅝	98⅛	-0⅛	-0⅝	11.71
Montreal Tst.10¼ 93 C$	100	†96¼	96⅞	0	+0⅞	11.81
Morgan Guar.Tst. 11 91 C$	150	98⅝	99⅛	0	+0⅞	11.67
Nat. Aus. Bk. 14⅛ 94A$	100	98½	98⅝	0	-0⅞	15.21
Ned.Midd.Bank 6 92 FL	150	96⅜	96¾	0	-0⅜	7.34
New Zealand 9½ 93 £	100	92⅝	93¼	0	-0¼	11.75
New Zealand 7¾ 93 ECU	200	97	97½	0	0	8.60
Philips Gleoil. 6 93 FL	300	96½	97	0	+0⅛	6.88
Privatbanken 7½ 94 LFr	500	†98¼	99¼	0	0	7.81
Royal Bk.Scot.10⅝ 98 £	125	95½	96¼	0	-0⅝	11.43
Saskatchewan 9⅞ 91 C$	150	†96¼	96⅝	0	+0⅞	11.71
Saskatchewan 10¼ 93 C$	200	95⅜	96¼	+0¼	+1⅛	11.37
State Bk.NSW. 13⅞ 93A$	100	94⅝	95⅛	+0¼	-0⅞	15.43
Sweden 15 94 A$	100	101½	102	+0¼	-0⅛	14.47
Union Bk. Switz. 7½ 93	150	†96	97	0	-0½	8.42
World Bank 5¾ 92 FL	100	97⅝	98	0	0	6.65
World Bank 13⅛ 92 A$	100	†98¼	98¾	+0¼	+0⅜	13.90
Zentrspk. 13¼ 93 A$	75	95¾	96½	+0⅛	-0¼	14.41

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.75	99.80	18/04	13.21
Belgium 91 US	0	100.08	100.18	19/08	10
Chase Manhattan Crp.91 US	0¼	99.33	99.58	20/08	9.94
Chelt.& Gloucester 94	.063	99.77	99.81	30/05	13.47
Citicorp 98 US	0¼	98.30	98.55	29/05	10.33
Credit Foncier 98 US	.063	99.92	100.02	20/04	8.44
EEC 3 92 DM	0	100.95	101.05	20/08	6.72
Halifax BS 94 £	.1	99.90	99.95	6/05	13.07
Invt. In Industry 94 £	0¼	99.95	100.05	24/05	13¼
Leeds Perm. B/S. 94 £	0⅛	100.04	100.09	13/04	13.37
Midland Bank 01 £	.1	97.91	98.29	7/05	13.1
Milk Mkt. Brd. 5 95 £	0⅛	99.92	99.97	30/12	12.06
New Zealand 5 97 £	.07	100.01	100.11	14/11	12.19
State Bk. Nsw. 98 US	.188	100.26	100.35	11/08	9.94
Woolwich Equit.BS. 93 £	0⅛	99.96	100.01	13/04	13.37
Woolwich 5 95 £	0⅛	99.88	99.93	19/05	13.12

Average price change... On day +0.02 on week +0.05

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	109⅞	110⅞	-0⅛	15.01
Amer. Brands 7⅞ 02 US	9/87	56.7	119¼	120¼	+0⅝	2.57
Ashikaga Bank 2½ 02 US	4/87	967.	141	142	0	5.83
Asics 5 92 DM	12/85	472.7	239¼	240⅝	+1⅛	2.99
CBS, Inc. 5 02 US	4/87	200.	94⅛	95⅛	-0⅞	7.30
Comm. Credit 5½ 02 US	4/87	66.75	64½	65½	+0⅛	99.48
Eng.China Clay 6½ 03 £	9/88	4.8	109⅛	110⅛	+0⅛	-1.45
Fujitsu 3 99 US	5/84	1106.	224⅝	226	+0⅝	-0.75
Land Secs. 6¼ 02 £	6/87	6.72	96⅛	97⅛	-0⅛	12.93
MCA Inc 5¼ 02 US	9/87	69.62	94⅛	95⅛	-0⅛	17.90
Minolta Camera 2¼ 94DM	2/86	1004.	108⅝	109⅞	-0⅛	8.20
Mitsubishi Bk.1¾ 02 US	9/87	3157.	122⅞	124	+0⅛	10.47
Mitsui Trust 2⅞ 03 US	10/86	1903.	139⅝	140⅝	0	5.59
Next Plc 5⅞ 03 £	11/87	4.3	98½	99½	0	185.78
Nikki Hlgs. Bk 2⅞ 03 US	4/88	804.	119⅝	120⅝	-0⅞	7.31
Omron Tateisi 2⅞ 02 US	4/87	1318.	217	218	+7	1.48
Ranks Hovis 4⅞ 03 £	11/88	3.5	116¼	117¼	-0⅛	3.71
Redland 7¼ 02 £	1/87	5.4	101⅞	102⅞	+0⅞	3.14
Saatchi&Saatchi 6⅞ 03 £	10/89	4.41	93⅛	94⅛	-0⅛	43.82
Sumitomo Bank 3⅛ 04 US	2/89	4296.	93⅛	94⅛	0	15.40
Texas Inst. 2⅞ 02 US	9/87	82.87	73⅛	74⅛	0	54.94
W.R. Grace 6⅞ 02 US	9/87	42.12	92⅛	93⅛	-1⅛	21.15

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

NZ building society plans US$100m Eurobond

By Dai Hayward in Wellington

THE UNITED Building Society, New Zealand's largest, plans to raise US$100m through a fixed-interest Eurobond, the first ever Euro-funding by a local building society.

United is to use its portfolio of home mortgages as backing for the loan. It will use the funds to provide further home mortgage finance within New Zealand.

The society has, for some time, advocated the creation of a secondary mortgage market in New Zealand and its sees its foray into Europe as a first step towards this. It intends to make a similar issue in New Zealand later this year.

The bonds will carry a coupon of 10.5 per cent and be repayed within three years.

Mr Colin Jenkins, United managing director, said he expected the new funds to lower mortgage costs. Mr David Caygill, Finance Minister, has been applying pressure on banks and finance institutions to reduce such costs.

Mr Caygill said United's move into the international secondary mortgage market would improve liquidity and add competition to the New Zealand mortgage market.

Last year United was subject to a run of withdrawals by savers following reports – subsequently disproved – of problems for the society.

SE chiefs reject common Nordic stock market

By Xueling Lin in Copenhagen

THE CREATION of a common Nordic stock exchange has been firmly rejected by exchange chiefs in Sweden, Denmark, Norway and Finland.

Mr Leif Vindevag, head of international markets and new instruments at the Stockholm stock exchange, said: "Although we would like to see a greater flow of information between the Nordic stock markets, we do not believe in the necessity of a common market-place."

The issue was raised at the Scandinavian International Financial Markets Conference held in Copenhagen this week. Mr Vindevag's comments were reiterated by the other Nordic stock exchange heads, ending any hopes that a common Nordic stock exchange might be set up in Denmark, the only one of the four countries which is a member of the European Community.

The different nature of each of the Nordic stock markets was emphasised, although the president of the Copenhagen exchange said he hoped to see the creation of common Nordic rules governing the listing of companies.

Fuel oil futures contract boosts Simex turnover

THE Singapore International Monetary Exchange (Simex) registered record turnover in March, boosted by the February launch of a fuel oil futures contract, Reuter reports.

Total turnover in March rose by 52.9 per cent to 767,658 contracts, from February's peak of 502,074.

The average daily turnover also rose to a record in March, shooting ahead by 25.1 per cent to 34,884 contracts. The exchange continued to see an enthusiastic response to its recently launched high-sulphur fuel oil contract.

The exchange, Asia's leading financial futures market, must achieve a daily turnover of 20,000 contracts by September this year or both it and the Chicago Mercantile Exchange have the right to review their mutual offset agreement.

The fuel oil futures contract, launched on February 22, recorded a turnover of 265,474 contracts in March. Turnover in Eurodollar and Nikkei stock average index futures contracts moved up to 353,304 and 100,224 contracts respectively, against 276,657 and 92,293 contracts in February.

Simex said volume for the first quarter of 1989 rose to 1.59m contracts, 217 per cent over the same period last year.

US Treasuries move lower in reduced trading volume

By Janet Bush in New York and Katharine Campbell in New York

US TREASURY bonds pulled back somewhat yesterday, reflecting caution over further price gains after the market's recent rally which took the yield on the benchmark long bond close to 9 per cent on Tuesday.

At midsession, prices were quoted around ⅛ point lower at the short end of the market and ¼ point lower at the long end. The long bond yield rose to 9.02 per cent.

GOVERNMENT BONDS

Trading was subdued, with little movement in the currency and commodity markets. Crude oil prices were mixed on the New York Mercantile Exchange during morning trading.

The bond market seems to be settling into a quiet range as traders wait for tomorrow's March jobs and wages figures, followed by the following Friday's producer prices report.

The small pull-back yesterday seemed logical given that the market wants to receive the employment figures in a fairly neutral frame of mind and the fact that yields, particularly at the short end of the market, seemed to bear increasingly little relation to the current level of Fed funds.

Yields on short-dated issues are currently trading at around 9.4 per cent, compared with a Fed funds rate which has mostly been around 9⅞ per cent.

Yesterday the Funds rate fell to 9¾ per cent, the bottom of its apparent official target range, and the US Federal Reserve announced that it was conducting one-day matched sales to drain liquidity temporarily from the market to push the rate nearer to 9⅞ per cent again.

At the same time, the Fed was expected to add reserves permanently to the system by buying coupon Treasuries in a coupon pass.

This kind of operation normally happens at this time of year because of the large outflow of funds due to the tax-paying season.

UK gilt-edged securities lost more than half a point yesterday on the news of a £400m Eurobond issue for the Republic of Italy.

The June long gilt future closed at 95⅝, ⅝ of a point weaker over the session.

In the old days, gilts traders' attention would be fixed on the timing of the next government tap issue. Now, with the dwindling supply of outstanding paper as a result of the government's funding policy, events in other sectors of the sterling market assume added significance and, as was demonstrated yesterday, a gilts supply shortage does not mean prices march relentlessly upwards.

Most of the price drop came on rumours before the actual launch of the Italy issue.

The yield curve also changed shape slightly yesterday, as medium-dated gilts moved up slightly on the news that the Bank of England would hold a second reverse auction in May, this time buying in paper in the seven to 15-year range.

ON THE Continent, the German market moved modestly ahead, while French government bonds were quiet in advance of today's monthly auction.

Prices in Germany were fixed between 10 and 15 pfennigs higher, on overnight strength of the US Treasury market.

Dealers expressed surprise that the generous repurchase allocation by the Bundesbank did not push the market more than another 5 pfennigs or so higher when it was announced.

A net draining of only DM300m from the market was none the less interpreted positively for the outcome of the Bundesbank policy meeting today, where officials are not expected to raise official interest rates.

On Liffe, the June 10-year future closed at 93.56, a gain of 15 basis points over the day.

THE Japanese Government today announces terms of the April auction, the first to include competitive price bidding from syndicate members. Recent speculation among dealers suggests competitive pressures may push yields as low as 4.85 per cent. The No. 119 bond bears a 4.8 per cent coupon.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	107-08	-3/32	10.92	10.80	10.48
		9.750	1/98	97-12	-3/32	10.20	10.12	9.90
		9.000	10/08	97-08	-20/32	9.31	9.15	9.01
US TREASURY *		8.875	2/99	98-06	-2/32	9.19	9.42	9.29
		8.875	2/19	98-15	-3/32	9.05	9.19	9.10
JAPAN	No 111	4.600	6/98	96.2932	-0.210	5.20	5.17	5.15
	No 2	5.700	3/07	106.5230	-0.001	5.01	5.03	5.00
GERMANY		6.375	11/98	98.3500	+0.225	6.90	6.95	6.89
FRANCE	BTAN	8.000	1/94	96.2640	+0.129	8.98	9.18	9.22
	OAT	8.125	5/99	94.7400	+0.090	8.93	9.02	9.04
CANADA *		10.250	12/98	99.2500	+0.125	10.37	10.62	10.43
NETHERLANDS		6.7500	10/98	97.8750	+0.200	7.05	7.16	7.10
AUSTRALIA		12.000	7/99	90.0013	-0.553	13.83	13.58	13.54

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

US-style auction for Japanese long bonds

By Stefan Wagstyl in Tokyo

THE LIBERALISATION of the Japanese government bond market advanced yesterday with the launch of a US-style auction for 10-year bonds, the most popular instruments.

Japanese banks and securities companies marked the day with a flood of generously priced bids designed to flaunt their power in the market. Foreign companies, which had pressed hard for reform, also made well-priced bids but for much smaller quantities of stock.

However, traders said the day was of little use in judging the future of the new system since the level of congratulatory business, carried out on barely profitable terms, was so high.

The auction is the latest reform carried out by the Ministry of Finance in efforts to meet criticism from foreign companies and governments, principally the US, that overseas companies were discriminated against in the market.

This stemmed from the issue of government bonds which, under the original system, were allocated to syndicates of Japanese companies, with small shares reserved for foreigners.

This was modified for 10-year bonds in 1987 by the introduction of a partial auction system under which 80 per cent of bonds were sold by allocation and 20 per cent at auction. But the auction was not a true one since the price was fixed not by competitive bidding but by subsequent negotiation.

Under intense pressure from the US, the MoF agreed to a more radical reform. From now on 40 per cent of each issue is being sold at a free auction, with prices set by competitive bidding.

The remaining 60 per cent is being sold under the old syndicate system, although foreign companies have, from last year, been given an increased share.

The MoF was due to publish the results of yesterday's auction today. However, bond traders estimated that the average bid was between 99.60 and 99.80 per cent of the par value.

Yields dip on Turkish T-bills

TURKEY'S central bank sold at auction TL150bn ($74m) of three-month Treasury bills at an average 39 per cent yield, after selling TL170bn at 44.52 per cent at the last auction on March 1, Reuter reports.

Because the central bank has halted its open market operations, in which banks make short-term repurchase agreements from the bank's government securities portfolio, demand is high and yields are expected to dip further.

Reciprocity rift among Ecu dealers

By Norma Cohen

SEVERAL OF the largest dealers in the UK Ecu Treasury-bill programme are Japanese securities houses which have not been invited formally to become market makers because of government concerns about reciprocity for UK securities firms in Japan.

While market share and turnover per dealer in the programme are statistics that are known only to the Bank of England, dealers said that Nomura Securities International and Daiwa Europe were among the most active players in the securities. Nomura is said to have purchased as much as 20 per cent of the most recent Ecu T-bill auction and placed it with retail clients in Europe.

When the Bank announced its programme last autumn, it told potential market makers it viewed Ecu T-bills as a European product and it expected the list of dealers to reflect that.

However, the presence of several US houses on the current list of 26 market makers suggests that the Bank is willing to be flexible. Houses are allowed to become market makers only after being invited by the Bank, and no Japanese firms are on the list.

As a practical matter, dealers say that firms which are market makers gain mostly cachet by their status since anyone, including retail customers, can bid at auctions. However, as market makers firms have direct access to the Bank and can expect to be advised of any new developments or changes in the programme.

In addition, they can count on the Bank buying back their securities if they cannot be placed with clients, albeit at slightly sub-market rates.

For the Japanese houses, reciprocity has been a touchy subject and most firms have taken the view that there is little to be gained by complaining publicly about being denied market-maker status.

Meanwhile, UK authorities, noting that reciprocity is more often a political consideration than a commercial one, are reluctant to comment on how the Japanese came to be omitted from the UK Treasury's Ecu T-bill programme.

The Department of Trade and Industry, which had spearheaded the UK effort to force Japanese authorities to open up their financial markets to UK institutions – and which had initially objected to the granting of gilt-edged market maker status to the Japanese houses – said that naming market makers for the Ecu T-bill programme was strictly a matter for the Bank.

A DTI official said: "We have not sought to use our powers to prevent any firms from becoming market makers."

He added that Japan had made good progress towards opening its financial markets to UK houses.

But he stopped short of saying the department was satisfied with the extent of access UK firms now had to Japan's financial markets or that it had no objections to inviting Japanese houses to apply for market-maker status.

SIB plans to modify futures capital rules

By Katharine Campbell

THE Securities and Investments Board, the chief UK investor protection authority, has proposed some modifications to the capital requirements it imposes on futures and options firms, particularly with regard to conditions under which they offer lines of credit to customers.

The changes, set out in a consultative document now being circulated for comment to members of the Association of Futures Brokers and Dealers, the futures self-regulatory body, respond, among other things, to concerns expressed by a number of parties that controls over traders using attractive credit terms as a device to win business might be inadequate.

At the same time, they also represent "another significant attempt to tailor financial resources regulations to the specific needs of a specialised area of investment business," according to Mr David Walker, SIB chairman.

According to SIB, the proposals reflect "best market practice," and should not impose additional capital requirements on well-run firms.

Indeed, in some instances, relaxations of some rules may actually decrease capital charges.

Firms and exchange officials contacted yesterday, a number of whom had not yet seen the paper, said it was too early to evaluate the effect of the proposals.

In its study of 22 representative firms, carried out jointly with the AFBD, the SIB reviewed the whole notion of extending credit to customers, a controversial subject that has been aired frequently, including at a meeting last July. This meeting was attended by representatives from exchanges and the clearing house as well as officials from the Bank of England.

Firms in the metals and physical commodities markets commonly advance credit to clients to cover monies that the clearing house requests – an initial security margin and funds sufficient to cover any losses on outstanding positions. By contrast, exchange rules at both Liffe and LTOM require firms to collect these funds from their customers in advance.

While finding the practice of granting unsecured credit extensive – the paper cites a case of a firm with unsecured lines amounting to 1,510 per cent of its total financial resources – regulators were still not disposed to move to ban it altogether, partly because of worries that a ban might be anti-competitive for UK firms.

The thrust of the consultative paper is thus to tighten up some of the conditions for unsecured lending, in return for relaxations in other areas.

One area where the authorities propose to tighten up considerably regards the so-called concentration charge, or measure of a firm's exposure to an individual counterparty. As the SIB itself points out, current rules do not prevent a firm extending unsecured credit to a single source in amounts that actually exceed the firm's own liquid resources, a situation that would clearly jeopardise the firm's position in the event of a customer default.

As many big problems in the futures markets have indeed arisen from exposure to a single source of market, notably the international tin crisis, this is a significant omission in the authorities' capital safety net.

Under the new proposals, the concentration charge would be calculated according to a formula relating single client exposure to the amount of capital held by the firm in excess of minimum requirements. It would be applied, on a rising scale, where exposure to one debtor exceeded 50 per cent of the firm's excess capital.

In return for tightening controls on aspects of credit provision, the overall capital charge would be reduced. Formerly, 85 per cent of a debtor's loan was allowable as an asset on the firm's balance sheet for capital computation purposes. This is to be raised to 90 per cent, which the SIB says brings its rules better into line with those of the Bank. SIB also proposes an amendment to rules on segregation, designed to encourage the practice. Transferring client funds into a separate account is optional (except for private clients) under the current rules, and more firms have been opting out than the regulators expected. The subject has recently become contentious because the US (where segregation is a statutory requirement) is soon likely to impose its own rules on UK firms dealing with US clients.

Members of the London Metal Exchange have been particularly concerned about the effect this would have on their credit-driven business.

The SIB proposals go some way to meeting these objections in so far as they would abolish the anomaly that a firm offering credit had itself to put funds into the segregated account equivalent to the initial margin the client would otherwise have put up. The cash flow cost of this has led many firms to discourage clients from requesting segregation.

All the rule changes, suitably amended after comments solicited from AFBD members, are likely to be implemented by autumn, although the segregation proposal will be effected sooner, as a sweetener for firms probably forced to comply with the US rule.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wed Apr 5 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Tue Apr 4 Index No.	Mon Apr 3 Index No.	Fri Mar 31 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (207)	945.73	-0.4	10.38	3.98	11.83	7.22	949.95	946.12	949.94	733.49
2 Building Materials (29)	1216.30	-0.5	10.85	3.85	11.35	3.92	1223.01	1202.33	1197.78	997.67
3 Contracting, Construction (38)	1739.34	......	11.98	3.78	10.92	14.65	1739.50	1734.55	1744.34	1539.98
4 Electricals (10)	2741.56	-0.4	8.22	4.37	14.96	2.99	2751.57	2754.62	2793.33	1946.87
5 Electronics (30)	2107.54	-0.4	8.96	3.17	14.47	12.62	2116.51	2119.34	2117.35	1453.75
6 Mechanical Engineering (54)	511.29	......	10.16	3.95	12.04	4.94	511.58	506.58	510.33	382.52
8 Metals and Metal Forming (7)	532.07	-0.7	14.42	5.60	7.84	0.00	535.56	536.25	539.15	433.66
9 Motors (17)	309.75	+0.1	11.80	4.83	9.84	4.85	309.44	307.61	310.16	261.59
10 Other Industrial Materials (22)	1564.59	-1.3	9.40	4.31	12.66	21.63	1584.54	1596.38	1613.41	1221.74
21 CONSUMER GROUP (186)	1173.82	-0.3	8.97	3.68	13.95	5.74	1177.85	1176.57	1171.61	1022.29
22 Brewers and Distillers (22)	1270.52	-0.3	9.83	3.50	12.85	5.36	1274.95	1278.39	1277.11	1043.38
25 Food Manufacturing (20)	1020.29	-0.1	9.35	3.99	13.33	10.15	1021.25	1018.28	1026.97	803.48
26 Food Retailing (15)	2029.61	+0.1	8.95	3.46	14.71	8.97	2026.78	2003.11	1994.35	2029.35
27 Health and Household (14)	2222.34	-0.7	6.38	2.61	17.93	7.33	2237.57	2238.10	2175.54	1767.38
29 Leisure (33)	1612.32	-0.2	7.58	3.31	16.78	13.42	1614.96	1614.89	1621.18	1244.87
31 Packaging & Paper (16)	579.80	-1.0	10.17	4.15	12.01	5.04	585.49	598.57	596.16	473.11
32 Publishing & Printing (18)	3646.27	-0.8	8.81	4.40	14.21	5.06	3675.47	3709.12	3687.96	3317.50
34 Stores (33)	762.21	-0.3	11.42	4.60	11.48	1.75	764.21	763.68	761.49	799.79
35 Textiles (15)	516.80	-0.3	12.01	5.44	10.11	0.38	518.32	517.34	518.92	561.17
40 OTHER GROUPS (94)	1074.70	-0.3	10.06	4.19	12.11	8.37	1077.69	1078.10	1073.47	857.83
41 Agencies (18)	1265.74	-0.2	8.42	2.68	15.20	12.34	1268.00	1274.14	1278.67	1118.48
42 Chemicals (22)	1217.89	-0.5	10.96	4.83	10.96	21.18	1224.32	1225.50	1215.67	977.08
43 Conglomerates (11)	1523.54	+0.1	10.02	4.80	11.53	4.76	1521.80	1521.30	1513.11	1140.54
45 Transport (13)	2389.57	+0.4	8.32	3.57	15.42	16.45	2380.01	2374.14	2364.38	1906.21
47 Telephone Networks (2)	1127.08	-0.2	10.42	4.17	12.48	0.00	1129.72	1129.21	1122.94	946.62
48 Miscellaneous (28)	1486.83	-1.0	10.51	3.97	10.82	21.18	1501.78	1504.98	1507.57	1118.45
49 INDUSTRIAL GROUP (487)	1108.61	-0.4	9.68	3.91	12.76	7.19	1112.54	1110.86	1108.75	913.17
51 Oil & Gas (13)	1973.93	-0.1	9.71	5.63	13.19	48.19	1976.51	1983.03	1978.99	1753.26
59 500 SHARE INDEX (500)	1182.21	-0.3	9.68	4.13	12.81	9.85	1186.86	1184.99	1182.72	984.17
61 FINANCIAL GROUP (123)	742.56	-0.2	–	5.08	–	12.54	744.08	741.84	747.06	658.75
62 Banks (8)	729.56	......	23.37	6.52	5.62	20.35	729.21	725.59	729.72	640.80
65 Insurance (Life) (8)	1083.06	-0.1	–	5.42	–	25.72	1084.64	1076.65	1104.91	959.70
66 Insurance (Composite) (7)	597.79	......	–	5.36	–	10.03	597.65	597.14	598.01	519.75
67 Insurance (Brokers) (7)	951.50	-0.8	8.87	6.63	15.03	16.38	959.12	957.73	963.03	823.41
68 Merchant Banks (11)	332.32	+0.3	–	4.51	–	3.61	331.45	331.05	333.91	335.74
69 Property (52)	1316.07	-0.7	5.68	2.65	22.41	4.14	1324.68	1322.59	1326.62	1111.71
70 Other Financial (30)	367.86	-0.2	9.84	5.63	12.78	3.56	368.73	369.60	372.59	383.48
71 Investment Trusts (73)	1093.07	-0.4	–	2.87	–	6.82	1097.13	1095.50	1093.56	844.72
81 Mining Finance (2)	672.80	+1.7	8.61	3.78	12.82	10.45	661.69	650.84	653.25	432.96
91 Overseas Traders (8)	1383.35	-0.3	8.52	4.83	13.71	15.93	1387.49	1393.17	1407.35	978.82
99 ALL-SHARE INDEX (706)	1075.13	-0.3	–	4.23	–	10.42	1078.07	1076.51	1076.15	896.64
	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 4	Apr 3	Mar 31	Mar 30	Mar 29	Year ago
FT-SE 100 SHARE INDEX♦	2078.2	-4.6	2079.5	2074.8	2082.8	2079.6	2075.0	2049.4	2071.7	1745.0

FIXED INTEREST

PRICE INDICES		Wed Apr 5	Day's change %	Tue Apr 4	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	117.64	-0.06	117.71	–	3.39
2	5-15 years	134.13	-0.23	134.45	–	2.89
3	Over 15 years	144.74	-0.55	145.54	–	4.56
4	Irredeemables	170.55	-0.44	171.34	–	1.51
5	All stocks	131.43	-0.22	131.72	–	3.37
	Index-Linked					
6	5 years	132.55	–	132.54	–	1.36
7	Over 5 years	133.40	-0.08	133.51	–	0.95
8	All stocks	133.24	-0.08	133.35	–	0.95
9	Debentures & Loans	116.58	-0.07	116.67	–	2.20
10	Preference	88.72	-0.03	88.80	–	1.83

	AVERAGE GROSS REDEMPTION YIELDS		Wed Apr 5	Tue Apr 4	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.65	9.61	8.59
2		15 years	9.23	9.17	8.97
3		25 years	9.07	9.02	8.87
4	Medium	5 years	10.62	10.58	9.82
5	Coupons	15 years	9.66	9.61	9.18
6		25 years	9.29	9.19	9.05
7	High	5 years	10.75	10.71	9.97
8	Coupons	15 years	9.89	9.83	9.30
9		25 years	9.43	9.37	9.08
10	Irredeemables		9.07	9.03	8.86
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.62	3.62	2.25
12	Inflation rate 5%	Over 5 yrs.	3.55	3.54	3.77
13	Inflation rate 10%	5yrs.	2.73	2.72	1.36
14	Inflation rate 10%	Over 5 yrs.	3.38	3.38	3.61
15	Debs & Loans	5 years	12.10	12.09	10.75
16		15 years	11.53	11.52	10.96
17		25 years	10.96	10.96	10.55
18	Preference		10.10	10.01	10.16

♦Opening index 2076.7; 10 am 2075.0; 11 am 2074.2; Noon 2076.3; 1 pm 2079.0; 2 pm 2075.7; 3 pm 2075.7; 4 pm 2078.2; 4.05 pm 2078.4
(a) 1.03am (b) 10.56am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.
CONSTITUENT CHANGE: Local London Group (69) has been deleted.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	94	12
Corporations, Dominion and Foreign Bonds	0	13	31
Industrials	299	542	731
Financial and Properties	94	185	381
Oils	18	35	45
Plantations	0	0	6
Mines	42	48	99
Others	64	76	97
Totals	520	993	1,402

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

LONDON TRADED OPTIONS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Mar 20
- Last Dealings Apr 7
- Last Declarations Jun 29
- For settlement Jul 10

Calls in Greenwich Resources, United Guarantee, P&L, Dimes, Ketson, Ferranti, Eagle Trust, Pentland Industries, Consolidated Tern Invs., Amber Day, Unigate, First Leisure and Miller & Santhouse. Puts in Waterford units.

For rate indications see end of London Share Service

UK COMPANY NEWS

Ocean Transport in line with forecast at £38.5m

By Ray Bashford

OCEAN TRANSPORT & Trading, which last month severed its historic ties with the shipping industry to complete the transformation into a transport and distribution group, suffered a slight fall in pre-tax profits in 1988.

In line with forecasts which were reduced towards the end of the year, the group's pre-tax profit eased to £38.5m, compared with £41.2m in the previous 12 months.

The performance was impaired by a fall in contributions from discontinued businesses, principally the shipping operations, and a downturn in the commodity storage business. The result is also after an increase in the interest charge from £3.3m to £6.8m.

Mr Nicholas Barber, chief executive, said the poor performance in the commodities business was "not a knock to the stategy but a knock to the figures."

This stategy has led the company into a £125.5m investment programme during the past three years and a further £50m is earmarked for the current 12 months.

Group turnover reached £1bn (£950m) with the frieght and distribution services operations contributing £663.8m (£564m). Earnings per share slipped to 22.6p (24p).

Despite the pre-tax profit fall, the directors are recommending a higher final dividend of 8p (7.01p) which lifts the total by 12.9 per cent to 11.68p (10.35p).

The withdrawal from shipping, which has been accompanied by an intense investment programme in other areas, led

Nicholas Barber: not a knock to strategy

to an extraordinary loss of £30m. The company sold its West African shipping interests last month and the Barber Blue Sea joint venture last December after a prolonged period of difficulty.

Trading profits from discontinued businesses fell to £8.2m (£7.6m) on a turnover of £168.8m (£221.5m).

Problems with the commodity storage business arose through a fall in demand for storage for several commodities and the impact was felt most directly by the McGregor Cory subsidiary.

Offsetting the strength of MSAS, the freight forwarding business which is a pivotal piece in the group's new land-based strategy, the freight and distribution services division returned a trading profit of £15.1m (£17.5m).

The marine service business, centred on service operations in the North Sea, was the second biggest contributor to trading profits with £11.8m (£9.6m) on a turnover of £61.6m (£48.7m).

The environmental and energy services business, which has been another area of heavy investment, returned a trading profit of £10.1m (£8m). Turnover eased to £107m (£108.6m).

● COMMENT

These results highlight how far OT&T has to go before the promises made during the past three years are fulfilled. With the shipping operations out of the way the path should be much clearer. However, the push into alternative investments has produced weak overall results in 1988 and continued patience by shareholders will be required. The decline in trading profits in the freight and distribution services division will be particularly disappointing, given the enthusiasm the board has shown for the sector. The rise in the total dividend, is certainly an expression of confidence in the future, but it could also be seen as an attempt to placate potentially restive shareholders. Ironically, OT&T in its streamlined form, could become all that more attractive to potential predators. Sir Ron Brierley would certainly face spirited opposition if he mounted another bid, but with 27.5 per cent of the capital he could still play a role in determining the future of the group. Speculative interest is still an important factor in the share price which firmed yesterday after an initial downturn. Forecasts of pre-tax profit of £46.5m place the company on a prospective p/e of 11 which makes it look fully priced.

Insuring against loss of a dominant position

Nick Bunker on the strategy adopted by Sun Alliance to maintain its market lead

HOW LONG can this go on? Sun Alliance is the oldest, the most reticent, and the most profitable of the UK's composite insurers. Its leap forward in pre-tax profits last year to £372.4m fell short of market expectations, but was still a remarkable achievement for a group which made only £48m five years ago.

But, over the long-term, can Sun Alliance maintain its dominance of a composite insurance sector exposed to the same competitive pressures sweeping the rest of the financial services field?

The signs are that it can, even though one of the industry's notorious profit cycles could slice £20m off pre-tax profits in 1989. "I'd be calling them the world's greatest insurance company, if it wasn't already in the share price, says Mr Tom Bennett, insurance analyst with Banque Paribas Capital Markets.

There were one or two shadows on yesterday's figures. Poor reinsurance underwriting in 1982-4 at London and Guarantee, a small subsidiary, cost £9.1m in extra provisioning. And its New Jersey-based property/casualty insurance partner, Chubb, which manages £220m of premiums on its behalf, is being hit by the US market's two-year-old price war.

The heart of Sun Alliance, though, lies in the UK, with its cherished links to building societies and major commercial insurance buyers such as the Duke of Westminster's Grosvenor Estates.

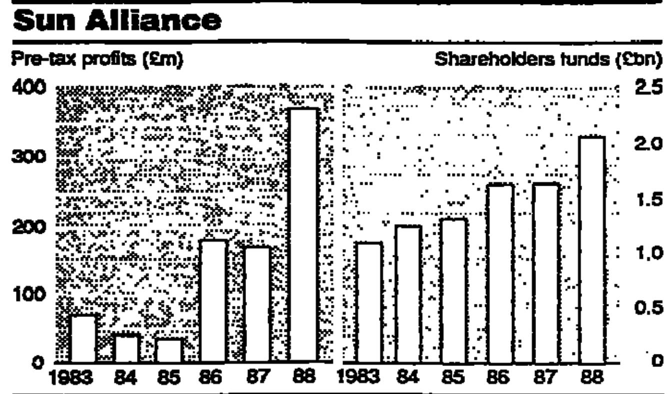
True, there are one or two bad omens for Sun Alliance's UK non-life business, accounting for 64 per cent of its £2.25bn 1988 premium income. In 1988, it benefited hugely from mild weather, after 1987's October hurricane which has cost it £155m to date. Yet some observers predict a profits squeeze in insurance for commercial property and for private cars.

They could be vulnerable to incursions by US or European insurers eager to expand their UK presence ahead of 1992: Sweden's Skandia International is buying UK motor insurer National Insurance and Guarantee Corporation. And even without competition from new capital flowing into the business, it has been looking inevitable that some rates would drop.

Claims and expenses were consuming only about 80p of every £1 of commercial fire premiums last year. Unsurprisingly Mr Rob White-Cooper, deputy chairman of Sedgwick Ltd, the insurance broker, says: "Premium rates have softened. We're seeing reductions of 15-20 per cent."

The cost of private motor insurance is not falling yet, but 1988 saw an unexpected stabilisation in claims frequency (the percentage of insured drivers who make a claim each year) at about 24 per cent. As a result, price increases that have dogged motorists for the past four years have slowed dramatically.

But the pessimism should not be overdone. The rest of the commercial property insurance market may be turning down, but Sun Alliance is still getting customers to pay more.



"The rate of increase in prices is still heading towards the double-digit level," says Mr Scott Nelson, its general manager (corporate finance).

And Sun Alliance's household structure insurance book has only just started benefiting from mid-1988's 11 per cent post-hurricane price increase, which could feed an extra £25m annually into group pre-tax profits.

The only area looking tough in the immediate future is employers' liability insurance. Claims experience there is "very nasty", says Mr Nelson, partly due to claims from victims of industrial deafness.

But astute observers of Sun Alliance worry less about immediate prospects than about its long-term orientation. Some competitors say it has not thought deeply about its future. "It has a fortunate portfolio of businesses, that's all," sniffs one rival.

This is probably not true. Sun Alliance *has* been making shrewd moves to protect its dominant position in the UK. They seem to stem from a perception that the future in British insurance and financial services belongs to those companies which control distribution networks.

An example was its £30m deal last autumn to take a 30 per cent stake in Swinton Insurance, the fast-growing Manchester-based High Street motor broking chain.

The Swinton deal was presented as a move to give Sun Alliance a further outlet for its life products. Similar moves recently have been Sun Alliance's £18m purchase of a 60 per cent stake in the Hogg Robinson estate agency chain, and its agreement with Woolwich Equitable to make the building society an exclusive agent for Sun Alliance Life. Significantly, though, Sun Alliance indicated privately yesterday that it was also expecting larger flows of non-life business from Swinton and Hogg.

A second hidden strength of Sun Alliance is what Banque Paribas's Mr Bennett calls "a virtuous circle" of balance sheet growth. The group's solvency margin (shareholders' funds as a percentage of premium income) swelled from 85 per cent at the end of 1987 to 93 per cent at the end of 1988, when shareholders' funds reached £2.1bn.

When a UK composite insurer reaches this level of strength, it can afford a relatively high-risk investment mix, weighted towards equities and property. "High solvency allows a more adventurous investment policy which produces greater total returns, which further boost solvency," says Mr Bennett.

This can leave a composite insurer looking over-capitalised – a criticism levelled occasionally at Sun Alliance. Significantly, though, Sun Alliance has begun hinting that it may deploy its strength in big acquisitions.

One pointer is that Sun Alliance plans to reorganise itself this year around a new non-insurance holding company, a move which could make acquisitions more straightforward legally.

It also sees its balance sheet strength as the means to make itself felt in Europe after 1992. The UK, too, is an area where insurers, banks and building societies are increasingly competing head-on in the savings market. "With upheavals in Europe, and in UK financial services, in the next few years these are two areas where we might want to make acquisitions," Mr Nelson says.

TIP Europe expands in Scandinavia

TIP Europe, the trailer rental company, yesterday announced an expansion into the Scandinavian market through the acquisition of 400 trailers from Narko Leasing, Finland's biggest trailer rental business, FM 25m (£3.5m) in cash.

The move is an attempt to broaden the base in Finland for expansion into the Soviet Union, where TIP has an existing contract in the trailer business. The assets being purchased are valued at FM 15m and TIP will also pick up the trailer fleet's existing clients. After the deal TIP's share of the Finnish trailer market will increase to over 40 per cent.

CH Industrials launches European joint ventures

By John Ridding

CH INDUSTRIALS, the specialist engineering, building and chemicals group, yesterday announced separate joint ventures with Electrolux, the Swedish white goods manufacturer and Bode of West Germany, and the acquisition of Chair Mechanisms.

Electrolux has taken a half share in Auto Springs, one of CHI's subsidiaries which manufactures custom made springs. Electrolux is buying 50 per cent of the enlarged share capital for £400,000 and is also providing £250,000 in the form of bank facilities.

The joint company is estimated to have net assets of £1.3m and annual turnover for the venture is expected to be £5m.

The second joint venture, Bode (UK), has been formed to produce complete sliding and powered door systems for rail and road vehicles.

Bode (UK) has agreed to lease certain fixed assets worth £750,000 and to purchase stock and work in progress of around £930,000 from Diplomat.

The purchase of Chair Mechanisms involves a £480,000 deal which will be payable in loan notes redeemable between October 1989 and April 1994 .

Utd News in US purchase

Link House Publications, a subsidiary of United Newspapers, yesterday announced the first of what could be several publishing acquisitions in the US, writes Raymond Snoddy.

The company is paying $8.7m (£5.1m) for Want Ad Press, a weekly advertising periodical based in New Jersey. Want Ad, specialises in vehicle and general merchandise classified advertising.

Last week, Lord Stevens, executive chairman, said United, which also owns Exchange & Mart, the classified advertising publication, was in "active negotiations" to buy about three US companies in the advertising, trade and technical and exhibitions field. The major thrust of United's future expansion would, however, probably come in continental Europe, he said.

Reconstruction proposed for Meldrum

By Nikki Tait

MELDRUM INVESTMENT Trust, a £70m fund 72 per cent-owned by British & Commonwealth Holdings, yesterday unveiled complex reconstruction proposals which would allow minority shareholders to transfer their interests to a new split-level trust.

The new trust, Gartmore Value Investments will, like Meldrum, be managed by Gartmore. It has two types of shares; zero dividend, which offer a pre-determined rate of return, and ordinary, which enjoy the remaining growth which the managers can achieve.

Under the scheme, the new trust starts out owned by B&C. GVI is then making an offer worth about £19m for the minority interest in Meldrum, taking the form of a share exchange with Meldrum shareholders being offered an equal number of ordinary and zero dividend shares in GVI.

The underlying net asset value of these is equal to 100 per cent of formula asset value. In this case, advisers estimate that the difference between nav and fav – explained by some of the costs involved – should not be much more than 1 per cent.

At the same time, GVI places with institutions £40m-worth of stock – comprising £10m of debenture stock, £15m of zero dividend shares and £15m of ordinary shares. The assets of GVI then comprise £40m cash and £19m in Meldrum shares.

In the last step, B&C is required to buy out the £19m of Meldrum shares for £19m cash. The final effect is to leave full ownership of Meldrum in the hands of B&C, and GVI with £59m cash.

Yesterday, Meldrum offered an illustrative example for shareholders based on Monday's estimated formula asset value of 172p per share. For 100 Meldrum shares, a shareholder would get 172 ordinary shares with a net asset value of 50p each, and 172 zero dividend shares, with similar asset backing.

In addition, BZW is underwriting a cash alternative at 49p for each ordinary and zero dividend share. Holders taking this option get just under £169 for every 100 shares.

Meldrum shares rose 25p to 167p on the news. Gartmore said that the discount at the trust averaged 20 per cent over the last year and has been as high as 26 per cent during the past five years.

It maintained that both the new share classes should trade at 98-102 per cent of underlying net asset value – so that the scheme effectively eliminates the old discount.

The zero dividend shares have no right to income and are initially entitled to 50p when the trust is wound up in 1995. However, this will steadily increase over the life of the trust at an annual rate of 210 basis points over the semi-annual gross redemption yield of 10¼ per cent Exchequer stock 1995.

Mr Nigel Rudd, chairman of Williams Holdings, is joining the GVI board.

For certain tax reasons, B&C yesterday sold a small number of Meldrum shares at 160.5p. The move reduced its holding from 75 per cent.

MBS in buy-out discussions

By Andrew Hill

MBS, the computer dealer savaged in a price war last year with other IBM distributors, is in talks about a management buy-out of its substantial product sales business.

The low-margin business accounts for about £100m of total annual group sales of £120m or £130m, and could be worth more than £30m. The whole of MBS is valued at £49.3m based onyesterday's closing price of 49p, up 2p.

The sale of the computer sales operation to a team led by its managing director, Mr Derek Lewis, would mark the end of three years of attempts to rescue MBS from dependence on IBM and the vagaries of computer distribution.

Its disposal would leave MBS, one of the three largest IBM dealers in Europe, with its computer and communication services businesses, including the more reliable earnings from computer maintenance and engineering contracts.

Last year, MBS announced the closure of its distribution arm, and its withdrawal from the wholesale business. In February, the group's chief executive, Mr Stafford Taylor, resigned and MBS warned it had moved into loss in 1988.

The profits warning followed a substantial drop in interim profits – from £1.36m to £215,000 – after IBM increased the number of UK distributors from two to eight.

Mr Taylor and MBS's chairman, Mr Owen Williams, joined the company in 1985 from IBM UK in an attempt to strengthen the group, after borrowings rose to £17m following a similar price battle.

UK COMPANY NEWS

Securicor subsidiary earmarks £30m for investment in parcels division

Security Services unveils £51m rights issue

By Andrew Hill

SECURITY SERVICES, the security, communications and parcel delivery company, 51 per cent of which is owned by Securicor Group, is to raise £51.1m through a rights issue aimed principally at upgrading and expanding its parcels division in the UK and Europe.

Simultaneously, Securicor is raising £34.3m, £26.4m of which will finance its subscription to the new shares in Security Services.

Over the next two years, Services has earmarked some £30m for investment in its parcels division, which represents about half of its £381m turnover. In the UK, it hopes to open new collection and sorting terminals, as well as upgrade and computerise existing facilities.

The company will also look for acquisitions and joint ventures to expand its European delivery network prior to the introduction of the single market in 1992.

Mr Christopher Shirtcliffe, finance director of both groups, said: "If the barriers truly come down then it will create a substantial increase in fast parcel business in Europe."

He said Services also wanted to invest in its communications and security divisions.

Between them, Securicor and Security Services own 40 per cent of the Cellnet mobile telephone company – 13.3 per cent and 26.7 per cent respectively. Apart from building up the Cellnet subscriber base, Services hopes to develop and expand new communications ventures in vehicle location systems and national and local mobile radio networks.

Services will issue 11.5m new ordinary shares at 450p each, on the basis of two new shares for every 17 held. The balance of the issue not being taken up by Securicor has been underwritten by Lazard Brothers.

Securicor is issuing up to 359,331 new ordinary shares at 570p each, and up to 6.64m new non-voting A ordinary shares at 500p each.

The group will offer them on the basis of 3.64 new ordinary shares and 87.42 new A shares for every 1,000 ordinary and/or A shares already held. Holders of the 4.55 per cent cumulative preference shares will receive 133.57 new ordinary shares and 2,452.05 new A shares for every 1,000 held.

Surplus cash from the Securicor issue will go towards investment in its own motor dealing, vehicle bodybuilding, hotel and employment services subsidiaries.

Following news of the issues Securicor ordinary shares dropped from 695p to 672p, with the A shares down from 610p to 582p. Security Services shares fell 22p to 535p.

Court should not sanction breach by MB

By Raymond Hughes, Law Courts Correspondent

PLANS by MB Group to create Europe's largest packaging group should not be approved by the High Court because the company had committed a clear, flagrant and admitted breach of its contracts with its warrant holders, Miss Mary Arden, QC, told the court yesterday.

Miss Arden was appearing for Elders Investments, a subsidiary of Mr John Elliott's Elders IXL brewing, farming and finance group, which is trying to stop MB's scheme for a £830m merger between Metalbox Packaging, its packaging subsidiary, and Carnaud, the French packaging company.

MB is asking the court to sanction the scheme, which was approved by an overwhelming majority of its shareholders on February 24.

Elders holds five per cent of MB's ordinary shares and a 25.05 per cent blocking minority of MB's warrants which entitle it to buy another 1.2 per cent of the shares.

The scheme involves a capital reorganisation which MB admits breaches covenants in its contracts with its warrant holders to keep available sufficient unissued ordinary shares to enable warrant holders' rights to be satisfied, and to use its best endeavours to maintain a listing for its ordinary shares on the Stock Exchange.

It argues, however, that that is no reason not to sanction the scheme, as it has made provision to protect the warrant holders. It also claims that monetary compensation for Elders would be fair.

Miss Arden said that the fundamental issue was whether the court should sanction a scheme when to do so would produce breaches of a contract with someone who was not a party to the scheme.

She said that a provision which prohibited a company from effecting certain reorganisations of capital was one of the ways in which the holder of an option to subscribe for shares could protect himself.

Mr Justice Harman said that he was worried by the idea that "I should sit down and say the court gives its blessing to going ahead and breaking a contract. It's a very odd thing for the court to do."

Miss Arden agreed, saying that it flew in the face of well-established practice.

Mr Justice Harman: "The court is being asked to actively sanction and make effective a breach of contract. Normally one is granting injunctions to restrain breaches of contract."

Miss Arden said the court would protect warrant holders' rights by granting an injunction. Since Elders was objecting to the scheme being sanctioned the court should approach the matter on the same basis as it would if Elders was applying for an injunction restraining the company from making the scheme effective."

The judge raised the question of the timing of Elders' objections. He said that if in early February it had applied for an injunction to restrain the holding of the shareholders' meeting on February 24 on the ground that it was intended to prejudice Elders' rights and breach the warrant holders' contracts it might well have been successful. However, there had been "a bit of delay" and MB had spent "quite a bit of money."

Miss Arden replied that MB had not "come clean" about its intention to breach the terms of the warrants until February 21.

The hearing continues today.

Quarto tops £2m and makes three acquisitions

QUARTO GROUP, book and magazine publisher, announced record results for 1988, and further expansion via three overseas acquisitions for £6.8m which involves a share placing.

The group is incorporated in the US and quoted on the USM. The acquisitions are in the US, Switzerland and Australia, and £6.6m is being raised for the cash element of the initial consideration.

Quarto is issuing 4.9m shares at 146p, of which 2.9m will be subject to recall by shareholders on the basis of five for 12 ordinary and/or 20 convertible preference.

Turnover for the year rose 65 per cent to £19.47m (£11.78m), while pre-tax profits moved up 59 per cent to £2.19m (£1.38m).

Earnings reached 14.5p (10.6p) and the dividend is lifted to 4.125p (3.375p) with a 3p final.

The US purchase is Broughton Hall, which publishes informational directories. The cost is £4.7m with a further profit-related maximum of £3m. Sales in 1988 were $6.9m and pre-tax profit £1.3m.

In Switzerland the group is paying an initial £1.6m cash for RotoVision, based near Geneva and publishing applied visual arts annuals, books and other products. Its 1988 turnover was £2.9m and profit £100,000.

The Australian acquisition is the business and certain assets of Art Nouveau Publishing for £500,000 cash. It publishes and distributes fine art reproductions. For 1988 sales were £400,000 and profit £100,000.

Wilson (Connolly) lifts profits 42% despite fall in house sales

By Andrew Taylor, Construction Correspondent

PRE-TAX PROFITS of Wilson (Connolly) Holdings increased by 42 per cent to £53m last year despite a fall in the number of homes sold by the Northamptonshire-based housebuilder.

Turnover rose by 11 per cent to £162m in the 12 months to the end of December. Earnings per share rose 41 per cent from 13.5p to 19.1p.

Mr Mike Robinson, Wilson Connolly's managing director, was one of the first housebuilders to warn early last year that the housing market was overheating. The company was therefore prepared for the slump in house sales that occurred in the southern half of the country last autumn.

As a result housing completions were cut to 2,160 compared with 2,600 in 1987. The group had decided as early as February to preserve its land bank rather than build everything that could have been sold last year and take a bigger profit.

"We have always put great emphasis on profits growth and the preservation of our land bank rather than the pursuit of volume," said Mr Lynn Wilson, the chairman.

Housing profits, despite lower sales, rose by 34 per cent to just under £44m. Commercial property, a relatively new venture for Wilson Connolly, almost doubled its contribution to £8.7m. Mr Wilson said the group was currently working on commercial developments which when completed would be worth £120m. These developments included a shopping scheme in Rotherham, offices at High Holborn in London and High Wycombe, Buckinghamshire, and the Oxford Science Park.

Mr Wilson said reservations this year from house purchasers had been satisfactory but it was taking a long time to convert reservations into completed sales. The housing market in the north of the country however had remained quite strong.

Last year about 68 per cent of house sales by Wilson Connolly were in the Midlands, the north and Wales. At the end of the year the company had a land bank of more than 14,100 plots with planning permission, enough for more than six years work at current production rates.

A final dividend of 2p (1.5p) makes a total of 3p (2p) for the year, a 50 per cent increase.

• COMMENT

The strength of Wilson Connolly's land bank, much of it acquired very cheaply years ago, puts it in a very strong position no matter which direction the housing market takes. Net margins of more than 30 per cent are among the highest of any housebuilder. About half of the company's house sales last year were in the East Midlands and East Anglia where sales are currently more difficult. Nonetheless, Wilson Connolly has plenty in reserve and is easily capable of increasing completions to about 2,400 this year. Property profits are starting to come through which should underpin future earnings growth giving the group even greater flexibility on the timing of profit taking. A prospective p/e of just over 8 on pre-tax profits of £63m makes it one of the highest rated housebuilders. This rating is fully deserved. The tight market in the shares underlines the popularity of the stock.

Biwater and Bournemouth Water in bid talks

By Andrew Hill

BIWATER, the large private water contractor, is thought to be in bid talks with Bournemouth and District Water Company, one of the UK's 28 statutory water companies.

Bournemouth, which is worth about £14m at current market prices, announced yesterday it had received an approach which might lead to an offer.

The company, which supplies water to a summer population of 356,000 within Wessex Water Authority's region, would not elaborate on the statement, but may make a further announcement next week.

Biwater, which refused to comment yesterday, already owns 23.7 per cent of Bournemouth and recently bid successfully for its neighbour, West Hampshire Water Company.

The private contractor was the first group to make a bid in the UK's private water sector with an agreed offer for East Worcestershire Waterworks in March 1988, through a joint venture with the statutory company's management.

Since then, France's three largest water companies have won control of 12 statutory water companies between them.

Their investment activity has slowed down since January, when the Government imposed restrictions on bids for water groups with assets of more than £30m – those limits would not affect a bid for Bournemouth.

Dagenham Motors makes record £4m

Mr David Philip, chairman of Dagenham Motors, the Ford main dealer which came to the stock market a year ago via an £18.2m flotation, yesterday unveiled a £1.78m surge in profits to a record £4.04m pre-tax for the 1988 year.

The advance was achieved on the back of a £21.68m rise in turnover to £105.51m.

Undiluted earnings per share were 19p (11.6p) and fully diluted the figure emerged at 17.1p (10.4p). A proposed final dividend of 3.5p makes a total of 5p.

Mr Philip said that while higher interest rates would cause some pressure on new and used vehicle margins, the increase in the number of Ford vehicles on the road continued to provide an opportunity for substantial organic growth via the group's service, accident repair and parts operations.

He added that the group's commercial vehicle sales operations had particular potential to provide substantial growth in 1989 and noted that profits from the finance and insurance activities would continue to grow.

The group has seven dealerships and is actively seeking further acquisition opportunities.

Bowater extends offer

By Andrew Hill

BOWATER Industries, the packaging and industrial products group, has extended its bid for Chamberlain Phipps, the shoe components and adhesives group, until April 18.

Evode Group, the plastics and chemicals company which is also bidding for Chamberlain Phipps, has extended its offer until April 17.

By the first closing date on Monday, about 12.8 per cent of Chamberlain Phipps' shares had been committed to the Bowater offer, including 9.7 per cent already owned by the packaging group.

Evode owns 4 per cent of Chamberlain Phipps and had received acceptances by March 31 representing about another 2 per cent of the shares.

Chamberlain Phipps has yet to decide which of the two bids to accept. The Evode all-share offer is worth about 214p a share; Bowater is offering 220p in cash.

S Jerome rises 15% to £2.41m

S Jerome & Sons (Holdings), the textiles and electronics group, raised pre-tax profits for the 12 months to end-December by 15 per cent from £2.1m to a record £2.41m. Turnover improved by £4.43m to £28.6m.

Interest charges rose to £446,000 (£211,000) as a result on the group's capital expenditure programme. After tax of £792,000 (£684,000), earnings emerged at 35.9p (32.1p) and a final dividend of 5.2p makes 7.8p (6.5p) for the year.

Turnover for the opening three months showed a rise and directors were hopeful that growth would be sustained.

M6 paying more on 64% growth

M6 Cash & Carry lifted pre-tax profits by 64 per cent, from £754,000 to £1.24m in 1988. And improved results continued into the current year.

The profit was generated on turnover ahead just 12 per cent to £80.37m (£71.57m). The company is a USM distributor of food, drink and non-food products, and provides a delivered trade service.

Earnings rose to 9.87p (7.24p) and the final dividend is 3.23p for a total of 4.4p (3.8p).

A review of product ranges and space planning being carried would further improve profitability, the directors said.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
AB Electronic ...int	4	May 31	3	-	15
Alva Investment ...int	0.5	-	1.3	-	2.6
ATA Selection § ...fin	1.3	-	1.1	2.14	1.8
Beckman (A) ...int	1.95	June 5	1.95	-	5.73
Brit Dredging ...fin	3.8	-	3	6	5
Dagenham Motors ...fin	3.5	May 26	-	5	-
Jacob (W & R) ...fin	6♣	-	5.4	8.8	8
Jerome (S) ...fin	5.2†	May 19	4.5	7.8	6.5
Kingston Oil ...int	0.413	May 26	0.375	-	1
Lec ...fin	10.5	May 20	9.5	14.5	13.5
Magnolia ...fin	3.45†	-	3.05	5	4.45
M6 Cash Carry § ...fin	3.23	-	2.74	4.4	3.8
Ocean Transport ...fin	8	June 1	7.01	11.68	10.36
Quarto § ...fin	3	June 2	2.25	4.125	3.375
Rockwood Hdgs § ...fin	0.45	May 31	0.4	0.75	0.4
Sun Alliance ...fin	26	-	21	41	31
Wilson (C'lly) ...fin	2	July 3	1.5*	3	2*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ♣Irish pence throughout.

BOARD MEETINGS

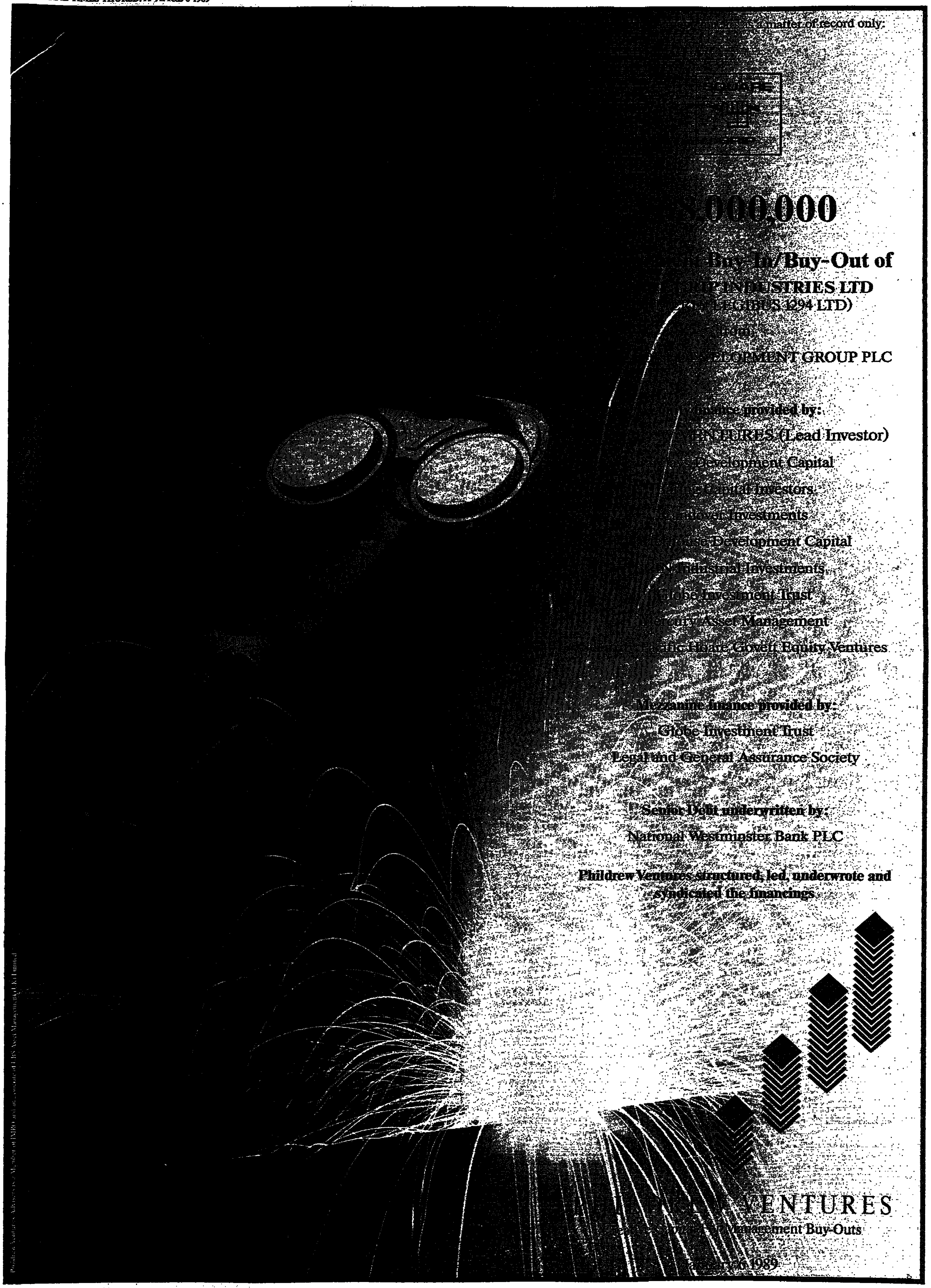
The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Barrett (Henry), Dolphin Packaging, Klark-Teknik, Magnetic Materials, Ptarmigan.
Finals- Associated British Ports, Baird (William), Britannia, British & Commonwealth, Capital & Regional Properties, Daniels (S), Fairhaven Intl, Filofax, Guinness, Ibstock Johnsen, Laird, London & Manchester, Maxwell Communication, Metsec, Mustertin, Oliver (George) (Footwear), Portals, Queens Moat Houses, Quicks, Reckitt & Colman.

FUTURE DATES

Interims-	
GDFC Trust	Apr. 20
Clydesdale Inv Trust	Apr. 28
Ensign Trust	Apr. 25
Lyles (S)	Apr. 13
Finals-	
American Plastic Tech	Apr. 11
Colorol	May. 24
Early's of Witney	Apr. 11
Folkes	Apr. 17
Future	Apr. 14
How	Apr. 17
Kymmene	Apr. 10
LIT	Apr. 10
Mowlem (John)	Apr. 10
Racal Electronics	Jun. 12
Racal Telecom	Jun. 12
Rea Brothers	Apr. 13
Rockfel	Apr. 17
Whittington	Apr. 17


a matter of record only.
000,000
Buy-Out of
INDUSTRIES LTD
1294 LTD)
GROUP PLC
provided by:
(Lead Investor)
Development Capital
Capital Investors
Investments
Development Capital
Industrial Investments
Globe Investment Trust
Asset Management
Hoare Govett Equity Ventures
Mezzanine finance provided by:
Globe Investment Trust
Legal and General Assurance Society
Senior Debt underwritten by:
National Westminster Bank PLC
Phildrew Ventures structured, led, underwrote and syndicated the financings
VENTURES
Management Buy-Outs
6 1989

UK COMPANY NEWS

Lec rises 29% but hits problems over CFCs

THE WELTER of publicy in recent months concerning chlorofluorocarbons and the possible adverse effects on the enviroment of their use in refrigeration systems has led Lec Refrigeration to warn of "depressed turnover" in the first quarter of the current year.

The group, based in Bognor Regis, West Sussex, yesterday unveiled a 29 per cent increase in taxable profits from £3.49m to £4.5m for the 12 months to end-December 1988 on turnover virtually unchanged at £56.12m (£56.23m).

The directors, while expressing satisfaction over the "encouraging" outcome and continued improvement in margins, said that recent publicity about CFCs and the effect of statements about alternatives for refrigeration – "not yet available or proven" according to the board – together with cheap imports from eastern Europe and high interest rates, had "depressed turnover substantially" in the first quarter.

The tax charge took more at £1.64m (£1.31m), leaving earnings per share 31 ahead per cent at 47.27p (36.06p). The total dividend for the year is lifted to 14.5p (13.5p) via a proposed final of 10.5p.

BET acquisition

BET has paid £300,000 for Suffolk Electrical Rewinds, an electric motor repairer. Consideration is 90,602 shares and £59,000 cash.

Cash-rich Dewey moves £4m back into the black

By Andrew Hill

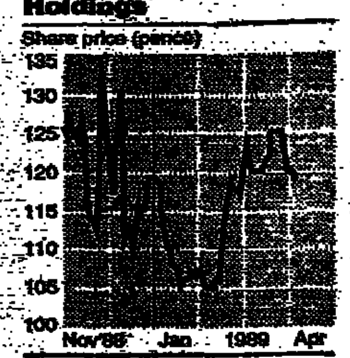
DEWEY WARREN Holdings, the USM-quoted group which started 1988 as Mr Robert Holmes à Court's investment vehicle and ended it as a cash-rich shell company, showed pre-tax profits of £4.06m during the year, recovering from losses of £29m in 1987.

But an extraordinary provision of £4.64m against the sale to D G Durham Group of Dewey Warren & Company, the original Lloyd's insurance broking subsidiary, again drove Dewey into the red at the attributable level. No dividend was recommended.

Other than substantial cash reserves, the group's chief asset during a turbulent year has been its 5.6 per cent stake in Morgan Grenfell, the merchant banking group.

Mr David Hart, finance director of Dewey, said yesterday that the stake would not be sold to any buyer with hostile intentions towards the merchant bank.

Dewey Warren Holdings



"There are a number of people who have approached us, but we are not prepared to let the (Morgan) shares go at stupid prices," he added.

Control of Dewey changed hands twice during the year. In June, Mr Holmes à Court, the Australian financier hit by the 1987 stock market crash, gave up Bell Group to fellow Australian Mr Alan Bond, and with it a 31 per cent stake in Dewey, which was recovering from a series of disastrous arbitrage investments made just before the slump.

Robert Fraser Group, the privately-owned financial services business, bought most of that stake from Mr Bond in December, and Dewey almost immediately launched a £23m agreed cash bid for the quoted financial services company, Argyle Trust.

Last month, as expected, Dewey mounted an all-share bid for Robert Fraser. Mr Colin Emson, chief executive of Fraser and now chairman and chief executive of Dewey, wants to build the former insurance broker into a broadly-based financial services group.

Dewey's turnover during 1988 rose from £3.91m to £8.29m and earnings per share were 4.6p, compared with a loss of 113.9p.

British Dredging surges over £3m

BRITISH Dredging reported pre-tax profits ahead by 59 per cent, from £1.94m to £3.08m, in 1988 on turnover increased from £18m to £31.6m.

Operating profits profits doubled from £1.47m to £2.97m with builders merchanting contributing £922,000 (£282,000), the supply of marine aggregates and concrete products £1.95m (£1.36m), and ship repairing £104,000 (loss £167,000).

Mr Fane Vernon, chairman, said that 1989 had started well with exceptionally favourable weather and the profit for the first quarter was "well above" that of the previous year.

He said the aggregates side had performed well and was able to satisfy an increasing demand with two dredgers instead of three, bringing considerable benefit to costs and profit margins.

Mr Vernon has handed over day to day running of the group to Mr Michael Brown, the managing directer, who has become chief executive.

Earnings were 12.9p (7.32p) and the dividend is increased from 5p to 6p, with a final of 3.8p.

News Digest

ROCKWOOD

Turnover more than quadrupled

Rockwood Holdings, the acquisitive USM-quoted distribution group, yesterday announced pre-tax profits up 83 per cent from £1.04m to £1.9m for 1988.

Turnover rose more than four-fold to £109.75m (£19.9m) and after tax of £256,000 (£280,000) and an extraordinary credit of £1.76m (nil), earnings per 10p share were left at 5.09p (5.02p). A final dividend of 0.45p makes a total 0.75p (0.4p).

Mr Tom Forrest, chairman, said the group had now completed the task of forming and integrating its UK distribution network and was now the UK's largest international freight distributor.

MAGNOLIA

Pictures growth after purchase

Magnolia Group (Mouldings), the importer and manufacturer of picture frame mouldings, reported pre-tax profits ahead 36 per cent to £1.47m in 1988. Turnover expanded from £17.69m to £18.96m.

The outcome was struck after exceptional credits totalling £371,000 arising from the sale of warehouses in Edinburgh and Stoke Newington, London.

The £1.6m purchase of Solomon & Whitehead last November took Magnolia into picture print publishing. The directors said that although this had a minimal impact on profits during the period, it has been successfully integrated and should contribute during the current year.

Earnings per 10p share worked through at 19.31p (12.16p) and the recommended final dividend is lifted to 3.45p for a 5p (4.45p) total.

HEITON HOLDINGS

Rights issue to raise I£3.6m

Heiton Holdings, Dublin-based steel stockholder, and builders' and timber merchant, is to raise I£3.6m (£3m) via a rights issue on a 3-for-10 basis at 58p per share.

Holders of the convertible second preference have agreed to early conversion and to participate in the issue.

Directors said proceeds will be utilised to reduce borrowings and to fund £1.7m of new investment in the UK. They forecast pre-tax profits of not less than £1.8m in the 12 months to end-April 1989 – an increase of 44 per cent over the previous year, and a final dividend of 1.1p which would make a total of 1.8p (1p) for the year.

KINGSTON OIL & GAS

Marginal rise to $551,905

Kingston Oil & Gas, Ohio-based oil and gas production, development and operating group, reported a modest rise in pre-tax profits from $539,443 to $551,905 (£325,000) in the six months to December 31 1988.

Earnings per share were lower at 4.28 cents (4.82 cents) but the interim dividend is 0.7425 cents (0.68625 cents) or0.4125p (0.375p).

Kingston has entered into a joint venture with Greenland Petroleum to drill certain areas in the Beres formation in Ohio. Kingston will benefit from a contract with Texas Eastern to sell gas at $6.66 per 1,000 cu.ft. compared with the average price in Ohio of $2.50.

The company's year end is being changed to December and the next audited period will cover the 18 months to December 1989.

A BECKMAN

Downturn to £692,000

A disappointing return from its textile activities left A Beckman with pre-tax profits down from £979,000 to £692,000 for the six months to end December. Turnover declined from £7.96m to £7.52m.

The textile division experienced a £1.44m downturn in turnover to £5.45m and a profits fall of £300,000 to £221,000.

The group's other involvement, property investing and development, continued to expand satisfactorily.

Earnings for the six months fell to 4.3p (6.2p) but the interim dividend is being held at 1.95p.

A one-for-five scrip issue is being proposed, along with plans for the group to purchase up to 1.22m of its own shares, some 10 per cent of the issued capital following the scrip issue.

UK COMPANY NEWS

The astonishing rapid ascent and decline of Tony Berry

Vanessa Houlder goes behind the scenes for the final round of the boardroom battle for control at Blue Arrow

YESTERDAY'S announcement that the tenacious American Mitchell Fromstein had taken the chairmanship from the impulsive, urbane Tony Berry marks the end of an era for Blue Arrow.

It also appeared to be the final chapter in the astonishing rise and fall of Mr Berry – the speed and drama of which is matched only by the fall and rise of Mr Fromstein.

Mr Berry's departure is seen by some as the inevitable conclusion of perhaps the ultimate *folie de grandeur* of the bull market. The audacious \$1.3bn (£734m) takeover of Manpower has been dogged by strife and disappointing profits. Meanwhile,the fall-out from the flopped rights issue that financed the deal has damaged the profits and reputation of several City houses, leading to an inquiry by the DTI.

Now shareholders have a new catalogue of concerns which include doubts about the effectiveness of the strife-torn board, the recoverability of a mysterious £25m loan and the strength of the company's commitment to the UK.

The make-up of the board is, as shareholders pointed out at Monday's stormy annual meeting, almost comically bizarre. It is indeed hard to imagine the smooth workings of a board that first ousted Mr Fromstein last December and then just one month later, reinstated him and stripped Mr Berry of his executive duties.

Some observers feel that further resignations from the Blue Arrow board are inevitable. Indeed, there was some suprise that Mr Berry was willing to resign without dragging some of his tormentors behind him.

In particular, a question mark remains over the future of Mr John Sharkey, who joined the group last December from Saatchi & Saatchi. On Monday, shareholders refused to re-elect him after it was disclosed that he was paid £220,000 to relinquish his executive duties. But although it was Mr Fromstein who terminated his contract as an executive, he was unreservedly behind Mr Sharkey at Monday's meeting.

In the event, the only other board member to leave yesterday was Mr David Atkins, deputy chairman. Mr Atkins, a life long friend of Mr Berry, also


Tony Berry - the outgoing chairman

lost his executive powers in January's putsch.

Shareholders are also concerned about a lack of executive management. As one shareholder put it, at the annual meeting at the Savoy on Monday: "It strikes me as an anomaly that a company can operate with only two executive directors where one spends just 26 weeks in the UK".

Yesterday saw the appointment of Mr Gilbert Palay, executive vice president of Manpower as a director. But in any case, Mr Fromstein, who splits his time between the UK and the US, believes that the best decision makers are the non-executive directors, who should be in the majority on the board.

Yesterday's reshuffle has only served to underline the suspicion that Mr Fromstein has achieved a reverse takeover, with the Manpower executives holding the reigns of the enlarged group. Is this, some analysts wonder, a prelude to an eventual shift of the company's base to the US?

This speculation has been fuelled by a recent spate of transatlantic buying of Blue Arrow's shares. After Harris Associates, a Chicago-based investment group thought to be friendly to Mr Fromstein, disclosed a 6 per cent stake on Tuesday, US investors are believed to own about 30 per cent of the company's shares.

But even the enthusiasm of US investors for Blue Arrow's shares may be blunted by Monday's revelation that nearly a third of this year's profits may have been put at risk. This followed from the disclosure that there were doubts about the recovery of a mysterious £25m loan.

The company has refused to disclose any details about the loan, which appears to have been made between three and five months ago. However, Mr Berry has denied that the loan was made to him. In addition, a spokesman for the America's Cup yacht competition – another rumoured recipient – has denied any knowledge of the loan.

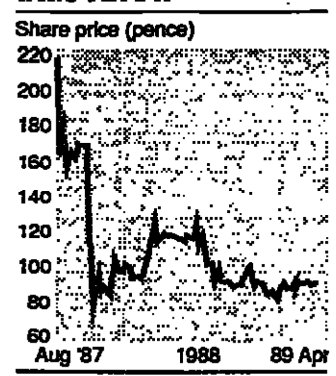
Whoever the recipient of the loan, its existence is yet another unwelcome distraction from the task of running the businesses. Ironically, however, that task seems the least problematic element of Mr Fromstein's role. The underlying businesses are performing well, according to James Capel, the company's brokers who forecast profits of £82m for the year to October 31.

If Blue Arrow achieves this, it will be a respectable improvement on last year's result of £75.1m. However, it is nowhere near the kind of figure that was expected at the time of the takeover.

In the view of Mr Fromstein, these inflated expectations were largely due to a lack of realism by management and analysts. He argues that there were no obvious synergies between the competing Manpower and Blue Arrow "brands". Furthermore, he insists, Manpower, a temporary placement specialist, would not benefit from the much vaunted move into the permanent jobs market since this was less durable in the face of an economic downturn.

Mr Fromstein's qualified enthusiasm for the merged group is not entirely suprising in view of the strong fight he put up when Blue Arrow made its daring bid in the summer of 1987. His reluctant agreement, based on the promise of operating autonomy, was withdrawn when Mr Berry tried to exert his control.

That led to Mr Fromstein's ousting in December which was swiftly followed by a revolt by the Manpower franchisees. That in turn, paved the way for Mr Fromstein's instatement as chief executive in January, at the expense of Mr Berry.



The events of mid-January were a bitter blow for Mr Berry, who, in the space of just three years, built up Blue Arrow from an obscure, loss-making USM company into the largest employment agency in the world.

His extraordinary success was built on a flair for deals that led to a series of acquisitions, including Hoggett Bowers, the headhunters, and Brook Street Bureau. Until the Manpower deal started to unravel, it appeared that he could do no wrong.

What will the future hold for Mr Berry? He has said he is considering a number of executive and non-executive positions. Furthermore, he is considering assisting in the buy-outs of Trevor Bass Associates, the financial public relations company, and Blue Arrow Business Travel.

Mr Berry has proved his ability to turn personal defeat to his advantage. His achievements at Blue Arrow followed his dismissal as finance director of Brengreen, a cleaning company in 1981. And although on Monday, he said he had no stomach to start again from scratch, he is not yet 50 and he still gives an impression of energy and enthusiasm.

So Mr Berry may yet bounce back. But it may be hard to overcome the humiliation of yesterday's hasty departure from the company.

On Monday, Tony Berry was still able to boast that he was winning two to one. "I did the original deal. I got him out and he got me out..."

Tuesday night, his quiet departure from Blue Arrow's offices into the driving rain seemed to strip him of even that consolation.

Plessey trims investment in light of bid threat

By Terry Dodsworth, Industrial Editor

PLESSEY's semiconductor division had experienced record demand and profits over the last three months, and was enjoying continuing buoyant conditions in the current three months, Mr Doug Dunn, managing director, said yesterday.

Mr Dunn added, however, that the prospect of a renewed takeover bid for Plessey from the General Electric Company and Siemens of West Germany had put a blight on new investment in the group. Essential projects were going ahead, he said, but he had trimmed back other expenditure because of the uncertainty and cost of fighting the takeover battle.

Mr Dunn's comments come only a few days before the Monopolies and Mergers Commission is expected to send its report on the original GEC/Siemens offer to the Department of Trade and Industry.

He said that the MMC had shown great interest in Plessey's chip division, which is the only substantial British-owned semiconductor company. The Commission, he added, had considered both the chip company's position as a supplier to the Plessey group and its significance in the British high technology sector.

"If every British company exported as much as we do, there would be no trade imbalance," he said.

Mr Dunn conceded that a takeover by the GEC/Siemens combine might open up a much larger internal company market for Plessey's semiconductor activities if the company could sell to Siemens as well. But he said that the balance of advantage was against the bidding consortium. Siemens, he argued, had not made its intentions clear towards the chip operations, and it was likely the business would be caught like an unwanted step-child between the two parents.

W&R Jacob falls

W&R Jacob, the Dublin-based biscuit manufacturer, reported sharply lower pre-tax profits of I£505,000 (£424,000) for 1988 compared with £2.52m.

The result was struck, however, after an exceptional debit of £2.14m (nil). Turnover was £61.14m (£54.98m) and generated operating profits little changed at £2.77m (£2.79m). Excluding the exceptional item, earnings emerged at 20.9p, and after the exceptional item, at 1.1p (28.9p). The proposed final dividend is 6p making a total of 8.8p (8p).

COMMODITIES AND AGRICULTURE

Water pollution by UK farmers reaches record

By Bridget Bloom, Agriculture Correspondent

POLLUTION OF water courses by British farmers reached record levels last year while prosecutions fell, according to a report published jointly yesterday by the Water Authorities Association and the Ministry of Agriculture.

The ten water authorities in England and Wales confirmed a total of 4,141 farm pollution incidents in 1988, a rise of 6 per cent from 1987. But prosecutions dropped by 34 per cent, from 225 in 1987 to 148 in 1988.

According to the report, the major source of farm pollution involves dairy and beef farming, although pig production runs a close second. Major pollutants are farm slurry, which is 100 times more polluting than human sewage, and silage, the animal feed derived from grass. Silage liquor is up to 200 times more polluting than sewage, the report notes.

The new farm pollution figures, reinforcing a trend noticeable for a decade, comes at a sensitive time, with moves within the European Community to control such pollution gathering pace and the bill to privatise Britain's water supplies entering its final stages.

Mr Richard Ryder, parliamentary secretary at the ministry, said yesterday he was "dismayed" at the figures. It was "the duty of every farmer to comply with the law and of the water authorities – soon the National Rivers Authority – to enforce it," he said.

Mr Ryder said that all sections of the farming community must take the pollution threat more seriously. The Government would fully support the new NRA – to be created once water is privatised – "in taking action against the minority who by their recklessness persist in damaging the environment and the reputation of the British farming industry."

Dr David Clark, Labour's agriculture spokesman, described the new figures as alarming – they gave the lie to the Government's contention that river pollution was falling, he said. The environmental group Friends of the Earth drew attention to shortage of staff in the water authorities as part of the reason for falling prosecutions.

The report indicates that five authorities – North West, Severn Trent, South West, Welsh and Wessex – were responsible for nearly 80 per cent of the incidents. These are broadly the areas of greatest rainfall and greatest concentration of dairy and beef farming.

Although the law provides for polluters to be prosecuted, with fines of up to £2,000, fines have averaged only some £300 in recent years. The government approach has been to persuade rather than force farmers to comply with good environmental practices; to this end it recently announced £50m in grants for farmers to instal new slurry and silage controls.

Mr David Naish, deputy President of the National Farmers' Union, yesterday regretted the increase in pollution. It was clear that the new NRA would not put up with incompetence by farmers. However, he noted that farm pollution accounted on average for only a fifth of all water pollution in Britain.

Water Pollution from Farm Waste (England and Wales) 1988 Water Authorities Association 1, Queen Anne's Gate, London SW1 £4

Ghana stirs fresh life into cocoa industry

William Keeling on efforts to revive the country's biggest foreign exchange earner

DRESSED IN blue overcoats and trousers, with wellington boots to guard against snakes, a dozen women from the Bonso seed garden in Ghana walk between the trees that they are trained to hand-pollinate. Six months later each tree is burdened with up to 200 ripe yellow pods of a new high yielding cocoa variety, known simply as C75, whose ancestors were the Alemonado and the Amazon.

The seed garden's aim is to provide the hybrid plants necessary for the successful rehabilitation of the nation's premier industry.

Ghana grows the finest cocoa in the world, but despite this advantage and the crop's central importance to the national economy – cocoa exports account for about 60 per cent of foreign exchange earnings – the industry has suffered since hitting a production peak of 600,000 in the 1964-65 season.

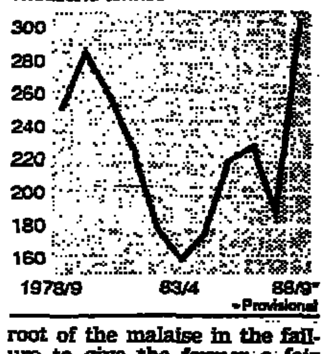
Production fell to 159,000 tonnes in 1983-84 with the world market share collapsing from 50 per cent to about 10 per cent.

There are signs now, however, that, despite the tumbling world market price, the Ghanaian industry is on the road to recovery.

The Government of Flt Lt Jerry Rawlings identified the root of the malaise in the failure to give the farmer a fair percentage of the world market price for his crop. Farmers had cut back on cocoa plantings from 3.8m acres in 1972 to the present 1.8m.

Ghana: Cocoa production

Thousand tonnes



The decision, taken in 1982, gradually to raise the share of the world market price paid to the producer (from 30 per cent then to the present 50 per cent) has meant that despite the commodity's recent price fall the real earnings of Ghanaian farmers have risen consistently.

The estimated production figure for the 1988-89 season shows a dramatic improvement at 305,000 tonnes, up more than 60 per cent in a year.

An actual production increase has resulted from the first harvest of the new hybrid trees, but there has also been an apparent rise caused by the cessation of smuggling into the neighbouring Ivory Coast, where more attractive off-farm prices were available. This used to reduce the Ghanaian output figure by some 30,000 tonnes each year.

Mr Kwame Owusu, chief executive of Cocobod, Ghana's state-owned marketing board, explains that the withholding policy being operated by the Ivorians in protest at low world prices meant that they "were not finding it easy to pay the farmers and because of that the smuggling was not going on."

Typical beneficiaries of the new policy are the villagers of Birimso, in the central region, who were completing their harvest last month.

With knives strapped to long poles the men reach into the canopies and slice the pods free – the women use machetes to cut those in easier reach. Meanwhile children scurry in the grass heaping the pods into wide wicker-baskets.

Cocoa farming is a family affair, but despite the real price received being raised it fails to provide a secure income. The grandmother of one harvesting group, Mrs Elizabeth Marku, says,"I feel that it is better than some years ago when the cocoa price was very low." She has more money to spend but, "now commodities are so expensive."

A secondary failing within the industry was the structure of the Cocobod. Numbers employed grew from 22,000 in 1964 to over 100,000 in 1985 and when the pay-roll was investigated over 15,000 of these were found to be "ghost" workers, employees who did not exist or were long since dead. The Cocobod has already trimmed its staff to 44,000 and is busy ridding itself of its unprofitable subsidiary plantations. Forty have been given away to recently-created district assemblies and of the 52 remaining 12 have already been sold.

With proper management the plantations may be turned around, as has been shown by Valley Farms, the only cocoa company involving foreign investment. Critically it has been given permission to sell direct onto the world market and a French agency is currently negotiating to buy its production at 30 per cent over the world market price.

Mr J.W. Wilson, managing director, explains that "the key word is quality, with the new hybrid cocoa and with the new pricing system it should become attractive for other foreign investors."

The rationalisation of the structure of the Cocobod and the fair remuneration of the farmer may not alone be sufficient to provide for a flexible and competitive industry. The dominant nature of the Cocobod is attuned to the era of state-ownership from which the Government is trying to free itself in the drive for foreign investment. With overheads of the organisation hovering at 30 per cent of the total value of sales, Mr Owusu revealed that the "whole set-up of the cocoa-industry is being reviewed." A study group led by Dr Kwamena Eryrun, chief executive of the Ghana Investment Centre and a former executive director of the International Cocoa Organisation, is concentrating on proposals for a far-reaching privatisation of the industry with a further cut-back in the size and functions of the Cocobod.

In a clearing by Birimso, meanwhile, Mrs Elizabeth Marku organises her group to remove the beans from their pods. Piled in mounds they are wrapped in plantain leaves to ferment for six days before being sun-dried. But while on the ground the process remains reassuringly simple and unchanged, over the heads of the villagers the mechanism for marketing their crop is undergoing systematic revision.

Sugar 'could hit fresh peaks'

By David Blackwell

SUGAR PRICES could be pushed above the recent peaks if further buying appears from China, Venezuela or the Soviet Union, according to E.D. & F. Man's latest sugar market report.

Given the essentially tight supply and demand balance, the market is particularly susceptible to upward jolts on any evidence of physical offtake, says the report. Man estimates a total supply deficit of 660,000 tonnes this year.

The report notes that speculation about the Soviet Union, Cuba and swaps took the nearby contract in New York to a peak of 13.05 cents a lb during trading on Monday.

"Despite the apparent availability of nearby raws, the tightness in whites and the overall supply deficit should maintain volatile trading conditions with sharp price gyrations testing previous peaks and ultimately pushing values higher."

Czarnikow, in its Sugar Review published last week, points out that the move into the second quarter increases the potential for Chinese buying, with a substantial requirement for the third quarter still largely uncovered.

In the long term, Czarnikow says, China will continue to need sizeable imports even if the projected large gains in production are attained. Consumption has been officially acknowledged at above 7m tonnes last year after rising by 500,000 tonnes a year since 1982. The current crop is unlikely to exceed 4.8m tonnes from both beet and cane, Czarnikow estimates.

Queensland cane suffers in cyclone

By Chris Sherwell in Sydney

THE POWERFUL cyclone which hit Queensland's coast on Tuesday has destroyed 10 per cent of the cane crop in the important sugar-growing area of the Burdekin River delta, but the loss of revenue to growers and millers is less than initially feared and seems likely to have negligible impact on the world market.

The crop damage was being closely monitored because Australia is one of the world's largest raw sugar exporters, selling 80 per cent of its annual production abroad. The cyclone, named Aivu and bringing winds of up to 200 km per hour, quickly rendered Burdekin a disaster area.

But yesterday CSR, Australia's most important sugar company, said the loss of revenue to the district because of crop damage was about A$20m (£9.6m), of which its own share would be some A$7m.

The company added that pre-tax earnings of its four sugar mills in the district, which suffered another A$1.5m-worth of damage, could be reduced by up to A$5m.

According to the Queensland Cane Growers' Council, a further A$8m was likely to be lost from reduced sugar content in salvaged cane. It put structural damage to farm buildings at another A$20m.

The amount of sugar cane involved is reckoned to be some 400,000-450,000 tonnes, equivalent to around 60,000 tonnes of sugar.

Before the cyclone struck the coast near the town of Ayr, the Burdekin district was expecting its largest crop ever of 4.5m to 4.6m tonnes of cane. And output should still only be slightly less than the previous record crop of 4.1m tonnes.

Experts pointed out yesterday that, because much of the cane in the area was already wet and standing in soft ground, it simply bent flat in the strong winds. Had the area been dry recently, the cane might have snapped, wrecking it altogether.

Harvest gloom deepens in Argentina after drought

By Gary Mead in Buenos Aires

MR GUILLERMO Moresco, head of the Argentine Grain Board, has given a further gloomy prediction of this year's harvest, following one of the country's most serious droughts in recent years.

Mr Moresco said that "The severe drought impeded the harvesting in many areas where crops, particularly maize, did not grow properly," said Mr Moresco. "Because of the drought the total harvested area fell by almost 9 per cent in comparison with 1987-88."

He added that the total sown area of 18.3m hectares, down by 4.8 per cent compared with 1987-88, was the lowest for 20 years.

First reports of severe losses caused by the drought came through early this year, but Mr Moresco's statements are the most recent expert analysis. Initial forecasts had put the total Argentine harvest at 38.5m tonnes, but that estimate was reduced to 29.8m tonnes in February this year. Mr Moresco is now suggesting that the total harvest will be as low as 27.7m tonnes, or 25 per cent less than last season.

Among the crops most seriously affected are maize, forecast to fall almost 48 per cent from last season to 4.8m tonnes; sorghum, down 40 per cent to 1.9m tonnes; and soyabeans, down 21 per cent to 7.8m tonnes.

Agricultural products, including meat and related products, account for almost 80 per cent of Argentina's foreign earnings, and the serious effects of the persistent drought will undoubtably add to the country's balance of payments problems.

In February this year an independent agricultural analyst, Mr Eduardo de Zavalia, estimated grain export earnings for 1989 at $3.5bn. However, the latest estimates from the Argentine Grain Exchange suggest a final harvest total some 2m tonnes less than that assumed in Mr Zavalia's report. The net effect of the loss may mean that Mr Zavalia's estimate of $3.5bn will tumble further to $3.25bn.

This latest news on the harvest front is bound to alarm a Government already facing a plethora of economic problems. Any further deterioration in harvest prospects – such as heavy rainfall in April, as experienced in 1987 – would not only damage farmers, but the country as a whole.

Granite builds on its strengths

By **Jim Jones** in Johannesburg

THE PROBLEMS of Europe's cathedrals are well-documented as centuries-old fabrics crumble under the attack of acid rain and air pollutants. But it is not just old buildings that are under stress; many erected in the post-war boom are simply wearing out as more and more feet tramp across their comparatively soft marble floors and their marble walls are eaten by acids.

Marble is easily shaped and was acceptable for floors and walls of offices and public buildings in the decades following the war. But development of new cutting tools which can cope with harder stones has helped to oust marble as the preferred cladding for the walls of modern high-rises.

Granite has taken over almost imperceptibly and more than one third of the high-quality hard stone traded internationally comes from quarries in the Transvaal and the black homeland of Bophuthatswana.

These days granite has become the generic name for a range of hard stones with varying chemical compositions. Most granite used in non-decorative applications – kerb stones or walls for example – is mined domestically. Appearance is immaterial and almost any old hard rock will do.

Internationally-traded decorative stone is another matter. It has to look good and needs to be free from cracks and faults. It must be available in fairly large sizes and be of a consistent quality.

Italy is the largest importer. As demand for marble has faded, Italian stonecutters have switched to processing harder, imported materials. The country imports about 750,000 tonnes of granite a year and exports over 1.5m tonnes of polished granite and marble.

Since the early-1970s demand for granite has grown dramatically. In the early 1950s when city building was booming, the world used about 15m tonnes of dimension stone (marbles, granites and so forth) each year. Of that, about a fifth was granite. By the early 1980s, according to Italian statistics, consumption was about 23m tonnes of which 12.8m was marble and 8.3m granite.

South Africa's largest exporter estimates the world now uses 25m to 30m tonnes of dimension stone, more than 60 per cent of it granite.

Figures are notoriously imprecise, but at present about 5m tonnes of raw dimension stone are traded internationally. About two thirds of the total is granite and, of that, about 750,000 tonnes, worth almost R500m (about $200m) is black granite which originates in South Africa.

Ten years ago South Africa's annual granite exports were about 150,000 tonnes and producers expect them to rise to at least 1m tonnes in 1990. Mr Keith Bright, a mining analyst with Johannesburg stockbroker Frankel, Kruger, has no doubt about the reason for the growth. "South Africa is a reliable supplier, its quarries are mechanised and it has the railways and port facilities to deliver regularly to foreign customers."

Quarries in India, a major competitor in the Japanese market, lack equipment and cannot always produce sized stone of guaranteed quality, Mr Bright believes. The same often goes for Brazil.

One South African producer underscores his preoccupation with quality by saying raw granite is sold with the understanding it will be replaced if customers find unacceptable flaws when blocks are sawn. That is a realistic approach as four fifths of the value of the final product comes from cutting and polishing.

WORLD COMMODITIES PRICES

LONDON MARKETS

ALUMINIUM prices on the LME yesterday maintained by the close a morning breakthrough above $2,000 a tonne. Three-month metal added $28 to $2,009 a tonne – the highest level since March 15 – and traders said the new level signalled further gains for today and a possible run up to $2,100 a tonne. Good merchant and speculative buying and shortcovering supported the market throughout the day and absorbed a good volume of trade selling and profittaking, they said. Meanwhile cocoa prices fell, with the second position contract closing below £800 a tonne. Dealers said falls appeared to be reflecting the approaching peak of greater seasonal supply from producer countries. "The next few months' supplies look very good and operators are already trying to hedge this material and pre-empt an expected fall in prices," one said.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.12-6.17z	-.355
Brent Blend	$18.65-9.75q	-0.20
W.T.I (1 pm est)	$20.03-0.08z	-0.10
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$266-268	+1.5
Gas Oil	$162-164	
Heavy Fuel Oil	$93-95	
Naphtha	$173-180	-10
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$383.25	-3.75
Silver (per troy oz)♣	582c	-2
Platinum (per troy oz)	$521.90	-9.85
Palladium (per troy oz)	$158.50	+1.00
Aluminium (free market)	$2005	+40
Copper (US Producer)	132½-138c	-4½
Lead (US Producer)	37.5c	
Nickel (free market)	635c	+5
Tin (European free market)	£6595	-45
Tin (Kuala Lumpur market)	28.08r	-0.05
Tin (New York)	439.25c	-2.25
Zinc (US Prime Western)	90½c	-3
Cattle (live weight)†	114.68p	
Sheep (dead weight)†	234.99p	
Pigs (live weight)†	79.73p	
London daily sugar (raw)	$302.4v	-12.6
London daily sugar (white)	$338.0v	-10.0
Tate and Lyle export price	£289.5	-7.5
Barley (English feed)	Unq.	
Maize (US No 3 yellow)	£133u	
Wheat (US Dark Northern)	£128v	
Rubber (spot)♥	59.00p	+0.5
Rubber (May)♥	67.50p	+0.5
Rubber (Jun)♥	67.75p	+0.5
Rubber (KL RSS No 1 May)	297.0m	
Coconut oil (Philippines)§	$530w	+5
Palm Oil (Malaysian)§	$380x	
Copra (Philippines)§	$350	-5
Soyabeans (US)	$195½	+3
Cotton "A" index	71.45c	+0.75
Woolfops (64s Super)	560p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/May u-Mar. q-Apr. x-May/Sep. w-Apr/Jun. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
May	790	816	809	787
Jul	799	823	815	796
Sep	814	831	824	811
Dec	845	857	850	839
Mar	854	864	859	850
May	832	843	836	827
Jul	836	849	843	835

Turnover:9224 (2842) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Apr 5:1021.37 (1054.05):10 day average for Apr 6:1056.24 (1060.47).

COFFEE £/tonne

	Close	Previous	High/Low	
May	1119	1120	1132	1117
Jly	1088	1086	1101	1083
Sep	1065	1057	1085	1053
Nov	1052	1042	1053	1048
Jan	1050	1045	1050	1047
Mar	1045	1040	1050	1047
May	1048	1040	1045	

Turnover:3303 (3616) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Apr 4: Comp. daily 116.47 (113.60) : 15 day average 115.98 (116.14).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
May	272.40	279.80	277.60	271.00
Aug	268.60	275.80	273.40	268.00
Oct	267.20	273.40	271.00	266.00
Dec	266.00	268.00	263.00	
Mar	259.00	263.40	260.00	257.00
May	256.60	260.00		
White	**Close**	**Previous**	**High/Low**	
May	326.50	331.00	329.00	323.00
Aug	323.50	328.50	325.00	321.00
Oct	313.00	318.00	315.00	311.00
Mar	289.00	303.00		

Turnover: Raw 8331 (7376) lots of 50 tonnes. White 1619 (1008). Paris- White (FFr per tonne): May 2065, Aug 2045, Oct 1968, Dec 1940, Mar 1918, May 1910.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
1900	155	147	11	46
2000	83	91	35	89
2100	36	52	90	147
Copper (Grade A)	**Calls**		**Puts**	
2700	289	223	10	91
2900	134	124	54	187
3100	44	62	163	320

WOOL

VIEWS emanating from Australia indicate at least a firm market when sales are resumed there next week. Certainly there is little thought in the remaining weeks of the selling season of a price downturn of any significance. This is one factor keeping Bradford and other consuming markets firm. Locally there is also a variable currency factor, dependent partly on sterling and partly on the Australian dollar. Both have moved a little erratically during the past few days. Otherwise trade in the UK is patchy and confined to small weights. Some find deliveries are not going out well though others are specified. Top quotations can be put at 655 pence per kg. for 64s super and 453p for 58s average.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 18,375 tonne
Cash	2035-40	1990-5		2026-8		
3 months	2006-10	1980-2	2020/1985	2006-8	2005-10	29,617 lots
Copper, Grade A (£ per tonne)						Ring turnover 29,950 tonne
Cash	1803-8	1777-82	1820/1817	1818-20		
3 months	1697-8	1672-4	1708/1698	1708-9	1701-1.5	70,506 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	578-81	579-82		576-8		
30 June	592-5	592-5		590-2		354 lots
Lead (£ per tonne)						Ring turnover 11,950 tonne
Cash	341-2	338.5-9.5		340.5-1		
3 months	351-2	349-50	352.5/350.5	350.5-1	350-1	9,212 lots
Nickel ($ per tonne)						Ring turnover 716 tonne
Cash	15450-500	15400-500	15500/15400	15450-75		
3 months	15200-50	15200-50	15300/15150	15250-300	15225-50	7,207 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 8,675 tonne
Cash	1720-1	1705-15	1720/1715	1715-8		
3 months	1689-90	1675-80	1690/1688	1685-90	1685-90	8,351 lots
Zinc ($ per tonne)						Ring turnover 14,850 tonne
Cash	1675-85	1670-5	1670/1655	1660-5		
3 months	1640-5	1624-5	1655/1620	1628-30	1635-6	12,669 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Apr	82.0	67.5	82.5	70.0
May	106.5	93.5	107.9	94.0
Apr	132.0	129.0	132.0	130.0

Turnover 708 (293) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Apr	158.50		158.50	
Jun	151.00	151.00	151.00	
Aug	147.50	145.50	147.50	147.00
Oct	147.50	146.00	147.50	147.00

Turnover 400 (57)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Apr	1610	1595	1610	1596
May	1554	1535	1560	1535
Jul	1357	1343	1360	1330
Oct	1460	1456	1460	1450
Jan	1530	1515	1530	1500
Apr	1558	1555	1558	
BFI	1621	1614		

Turnover 436 (424)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
May	119.90	118.90	119.90	119.25
Jun	121.40	120.60	121.45	121.00
Sep	104.50	104.25	104.50	104.30
Nov	106.80	106.50	106.80	106.65
Jan	109.65	109.65	109.65	109.75
Mar	112.85		112.85	112.75
Barley	**Close**	**Previous**	**High/Low**	
May	111.35	110.90	119.00	111.25
Sep	101.50	101.35	101.50	
Nov	104.35	104.25	104.35	104.25
Jan	107.45		107.45	
Mar	110.40		110.40	

Turnover: Wheat 471 (149), Barley 5 (40). Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	383-383½	224¾-225¼
Opening	385-385½	226½-227
Morning fix	384.40	226.224
Afternoon fix	383.00	224.765
Day's high	385-385½	
Day's low	382-382½	
Coins	**$ price**	**£ equivalent**
Mapleleaf	394-399	231¼-234¼
Britannia	394-399	231¼-234¼
US Eagle	394-399	231¼-234¼
Angel	394-399	231¼-234¼
Krugerrand	382-385	224-226
New Sov.	90½-91½	53-53¾
Old Sov.	90½-91½	53-53¾
Noble Plat	527.85-536.75	310.25-315.20

Silver fix	p/fine oz	US cts equiv
Spot	341.40	580.25
3 months	352.40	594.90
6 months	363.85	610.70
12 months	386.05	643.55

CRUDE OIL $/barrel

	Close	Previous	High/Low	
May	18.90	18.95	19.35	18.85
Jun	18.13	18.21	18.56	18.08
Jul	17.52	17.55	17.77	17.52
Aug	17.48	17.15	17.48	
IPE index	19.05	18.99		

Turnover: 6095 (8226)

GAS OIL $/tonne

	Close	Previous	High/Low	
Apr	158.00	159.25	159.25	157.75
May	152.75	154.25	157.50	152.50
Jun	149.50	152.00	154.00	149.50
Jul	149.00	151.25	153.00	149.00
Aug	149.00	151.75	154.00	149.00
Nov	150.00	156.50	154.50	150.00
Dec	158.00	155.00	155.00	155.00

Turnover 8430 (7517) lots of 100 tonnes

US MARKETS

IN THE METALS, gold prices drifted lower on selling prompted by lower energy futures and a rebound in the dollar, reports Drexel Burnham Lambert. Silver followed the gold closing slightly lower. Copper futures gained 80, basis May, in quiet dealings. In the softs, cocoa was the days most active market as prices sank on heavy commission house stop-loss selling. Sugar lost 25, basis May, but volume was only moderate. Switch buying provided support in the coffee market before profit taking near the close pared further gains. In livestock trading, lower cash bellies weakened the futures. Tuesday's bearish out of town storage report also added pressure to the market. Live hogs remained steady as lower cash prices were offset by some speculative short covering. Cattle futures also gained on short covering. The grains featured lighter than normal volumes as some book squaring took place. Prices edged higher in the wheat as the days most active grain. The energy complex opened the day higher on continued technical buying, but the rally failed when profit taking emerged at the days high.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	383.8	386.1	385.2	383.0
May	385.6	387.9	0	0
Jun	388.6	390.9	390.0	387.4
Aug	393.7	396.1	395.2	392.6
Oct	399.4	401.9	400.4	399.2
Dec	405.1	407.6	406.8	404.0
Feb	410.7	413.3	0	0
Apr	416.5	419.2	0	0
Jun	422.3	425.1	422.1	422.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	523.9	522.6	524.5	517.6
May	524.4	523.1	0	0
Jul	525.4	525.5	527.0	519.0
Oct	526.9	527.0	526.0	523.0
Jan	528.9	529.0	529.0	525.5
Apr	531.4	531.5	528.0	528.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	580.1	581.6	0	0
May	583.8	585.8	588.5	582.0
Jun	589.2	591.0	0	0
Jul	594.6	596.5	599.0	593.0
Sep	605.5	607.6	609.5	603.5
Dec	621.3	623.7	624.5	620.0
Jan	626.4	628.8	0	0
Mar	637.1	639.7	637.5	636.5
May	647.6	650.6	650.0	650.0
Jul	659.5	661.6	0	0
Sep	669.5	671.8	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	129.85	128.30	130.00	130.00
May	129.10	128.20	130.80	128.80
Jun	125.50	124.80	0	0
Jul	122.00	121.40	123.80	121.70
Sep	118.00	117.60	119.30	117.50
Dec	114.00	114.00	115.20	114.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	20.03	20.42	20.57	19.96
Jun	19.13	19.65	19.76	19.06
Jul	18.51	19.06	19.12	18.46
Aug	17.98	18.58	18.60	17.95
Sep	17.60	18.17	18.17	17.55
Oct	17.39	17.85	17.80	17.40
Nov	17.22	17.57	17.50	17.20
Dec	16.98	17.35	17.28	16.98
Jan	16.80	17.11	17.10	16.80
Feb	16.60	16.93	16.90	16.60

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5160	5364	5350	5145
Jun	4950	5128	5120	4940
Jul	4860	5035	5030	4860
Aug	4890	5055	5050	4890
Sep	4965	5105	5095	5025
Oct	5110	5160	5125	5100
Nov	5090	5215	5165	5090
Dec	5140	5270	5225	5140

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1335	1382	1373	1330
Jul	1270	1323	1315	1273
Sep	1258	1305	1298	1252
Dec	1273	1311	1300	1270
Mar	1274	1305	1299	1270
May	1282	1305	1304	1282
Jul	1270	1323	1315	1273

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	132.63	131.48	133.80	131.11
Jul	127.08	126.62	127.90	126.50
Sep	122.80	121.87	123.40	122.00
Dec	120.00	118.52	120.35	119.05
Mar	118.50	117.82	119.00	117.75
May	118.90	117.25	118.01	118.00
Jul	117.50	116.50	0	0
Sep	117.50	116.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.36	12.61	12.60	12.22
Jul	12.17	12.42	12.36	12.00
Oct	11.95	12.26	12.19	11.85
Jan	11.15	11.34	11.15	11.15
Mar	11.53	11.75	11.70	11.47
May	11.48	11.67	11.59	11.50
Jul	11.43	11.55	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Apr	62.98	61.86	0	0
May	63.62	63.04	63.78	63.17
Jul	64.65	64.23	64.90	64.46
Oct	64.73	64.67	65.10	64.70
Dec	64.62	64.40	64.98	64.60
Mar	65.18	64.95	0	0
May	65.75	65.70	65.78	65.70

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	165.65	166.80	167.70	165.05
Jul	167.30	165.05	168.75	166.75
Sep	164.60	165.30	165.05	164.40
Nov	165.00	165.80	165.00	165.00
Jan	150.65	151.75	151.80	150.75
Mar	149.45	151.05	0	0
May	149.45	151.05	0	0
Jul	149.45	151.05	0	0
Sep	149.45	151.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 4	Apr 3	mnth ago	yr ago
2002.4	2010.2	1985.1	-

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr 4	Apr 3	mnth ago	yr ago
Spot	134.24	134.99	137.98	130.96
Futures	136.34	136.00	141.05	134.64

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	715/0	714/6	719/4	703/0
Jul	724/0	723/4	728/0	722/4
Aug	721/4	720/0	726/0	716/0
Sep	712/0	709/6	717/0	710/0
Nov	711/4	705/4	714/0	707/0
Jan	720/4	713/6	723/4	712/4
Mar	730/0	723/4	733/4	720/4
May	739/0	730/0	739/0	727/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.07	22.05	22.35	21.95
Jul	22.67	22.62	22.93	22.53
Aug	22.99	22.91	23.17	22.83
Sep	23.20	23.16	23.40	23.10
Oct	23.50	23.38	23.65	23.40
Dec	23.88	23.76	24.05	23.65
Jan	24.00	23.95	24.00	23.85
Mar	24.25	24.07	24.40	24.20
May	24.35	24.40	24.30	24.30

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	220.1	221.1	221.5	219.1
Jul	219.1	219.6	220.5	218.0
Aug	218.1	217.8	219.0	216.0
Sep	216.5	215.7	217.0	214.0
Oct	213.7	213.0	214.5	212.0
Dec	213.0	211.5	214.0	211.5
Jan	212.5	211.0	213.0	212.0
Mar	212.5	211.0	212.5	212.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	264/0	262/0	266/0	261/4
Jul	266/2	264/6	267/2	264/4
Sep	259/2	258/0	260/0	257/2
Dec	257/4	257/6	258/6	255/4
Mar	263/6	264/2	265/0	262/2
May	265/0	266/6	267/2	265/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	404/2	401/2	405/4	400/4
Jul	392/2	391/2	393/6	391/2
Sep	400/4	398/2	401/4	398/4
Dec	411/4	410/0	414/0	407/2
Mar	417/0	414/4	417/0	414/4
May	412/0	414/0	415/0	411/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	78.17	77.55	78.25	77.70
Jun	72.52	71.57	72.85	71.90
Aug	69.10	68.57	69.35	68.25
Sep	69.30	69.30	0	0
Oct	69.75	69.40	70.12	69.80
Dec	70.75	70.62	71.10	70.70
Feb	71.22	71.20	71.46	71.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	40.57	40.65	41.10	40.52
Jun	45.72	45.57	46.10	45.62
Jul	45.92	45.80	46.20	45.55
Aug	44.47	44.27	44.55	44.05
Oct	41.75	41.45	41.80	41.15
Dec	43.42	43.45	43.62	43.12
Feb	44.40	44.35	44.55	44.12
Apr	43.30	43.35	43.60	43.26

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	34.65	34.77	35.25	34.50
Jul	34.80	34.82	35.40	34.70
Aug	34.20	34.05	34.67	34.00
Feb	48.25	49.20	48.90	48.00
Mar	48.00	48.50	0	0
May	47.80	48.28	0	0

LONDON STOCK EXCHANGE

Market cautious as tax year ends

The recent advance by London's equity market which has taken the FT-SE 100-share index up over 33 points during the past three sessions ground to a halt yesterday, the last session of the UK financial year. Share prices, turnover and enthusiasm all showed a marked contraction in a trading session described by one top broker as "as drab as the weather in the City of London." The FT-SE 100-share index, under pressure all day, eventually closed with a 4.6 decline at 2,078.2.

"There were plenty of reasons for not getting involved in this market, starting with some frayed tempers by dealers arriving late owing to a disruption to London's underground transport systems," said one fund manager.

More fundamental reasons for the trend in equities — weak was said by some traders to be too strong a word to describe yesterday's mood events — came in the shape of a nervous and marginally easier trend in sterling against other currencies, an easier gilts market, a disappointing performance by Wall Street overnight and some worrying company results released yesterday.

The equity market, mirroring these factors, opened with the FT-SE down some 6 points and sliding off to the day's lowest reading of minus 8.8 points around 11 am. But actual selling pressure was said to have been negligible, and some minor buying interest by a number of US houses produced a half-hearted rally for a couple of hours. The Footsie closed finally down 4.6.

Turnover, which at 5pm was recorded as being 440.7m shares,compared with Tuesday's 517.2m and Monday's 397.1m, and was said to have been given a modest boost by some last-minute bed and breakfast deals. Traders also said there was evidence of perhaps a couple of small-scale "buy" programmes in the market just before midday, and another possibly during very late trading and were generally relaxed about immediate prospects for equities.

"There seems to be no real worries in the short term, except perhaps the old bugbear of low volumes," was the comment from a dealer at one of the leading UK securities houses.

There were some major casualties in the second-line issues where profits warnings triggered some hefty losses in AB Electronics, Lec Refrigeration and Havelock Europa. Among the Alpha stocks Sun Alliance shares ran back sharply on first impressions of the preliminary figures but later picked up strongly following a confident meeting between the management and insurance sector analysts.

A growing belief that Minorco is about to increase its offer for Consgold saw the latter's shares racing ahead towards the close.

Account Dealing Dates

First Dealings:	Mar 13	Apr 3	Apr 17
Option Declarations:	Mar 30	Apr 13	May 4
Last Dealings:	Mar 31	Apr 14	May 5
Account Day:	Apr 10	Apr 24	May 15

*New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Apr 5	Apr 4	Apr 3	Mar 31	Mar 30	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.70	87.10	86.81	87.30	87.36	90.93	89.29 (6/2)	86.65 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.66	97.82	98.06	98.32	98.61	97.49	99.59 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1705.4	1708.4	1709.3	1707.9	1688.7	1386.8	1781.1 (14/3)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	191.0	190.4	190.9	190.2	190.6	228.0	196.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.50	4.49	4.49	4.50	4.55	4.63				
Earning Yld %(full)	10.90	10.85	10.87	10.90	11.02	12.11				
P/E Ratio(Net)(*)	11.08	11.13	11.11	11.08	10.96	10.09				
SEAQ Bargains(5pm)	35,919	43,563	37,808	39,707	36,220	33,189				
Equity Turnover(£m)†	-	1277.70	1095.00	1399.64	1305.69	900.35				
Equity Bargains†	-	22,224	45,030	45,659	41,054	40,054				
Shares Traded (ml)†	-	507.6	524.7	606.3	547.3	444.1				

Ordinary Share Index, Hourly changes

Opening	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1703.3	1703.7	1702.5	1704.5	1707.1	1704.8	1703.2	1705.1

DAY'S HIGH 1707.5 DAY'S LOW 1702.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆Nil 10.96 †Excluding intra-market business. * Corrected figure.

S.E. ACTIVITY

Indices	Apr 4	Apr 3
Gilt Edged Bargains	102.5	108.4
Equity Bargains	338.4	291.8
Equity Value	2582.6	2213.3
5-Day average		
Gilt Edged Bargains	102.6	102.0
Equity Bargains	269.2	263.8
Equity Value	2453.2	2252.2

● London Report and latest Share Index: Tel. 0898 123001

Investors warm to the Sun

The market's sour mood was perfectly illustrated by its reaction to the latest set of figures from the composite insurance sector. Although Sun Alliance reported annual profits up 117 per cent to £372.4m, dealers immediately marked the shares down 30 points because the insurer's figures had fallen short of some of the more exaggerated expectations; there was talk this week at one stage of profits reaching £400m, a figure one observer described as "a ridiculous hype."

However, after a few hours sober reflection and following a "very positive" analysts' meeting, Sun Alliance staged an impressive recovery to close a mere penny lighter at 1157p on turnover of 2.2m shares. Mr Chris Pountain, the insurance expert at County NatWest WoodMac, said after the meeting: "The published figure was hit by a few one-offs, but the underlying result was excellent, especially on UK property."

In spite of the good news from Sun Alliance, analysts were still predicting modest earnings growth for the coming year because of the intense competition among insurers for business. Yet, in light of yesterday's figures, Mr Pountain at County has decided to raise his forecast of Sun Alliance profits for the year-end December 1989 from £352m to £375m. He is also revising his estimate for the dividend payout upwards by a penny to 52p. At their current level, the County analyst regards Sun Alliance shares as "very cheap."

Rank out of focus

Rank Organisation powered ahead amid a flurry of stories. The only one dealers agreed upon was that a large single buyer was active in the stock, had been so for several days and had not yet completed the buying orders. Some dealers said that the buyer was UK-based, while others were convinced he was working from New York. The stock closed 22 better at 938p.

The next most popular story arose from continued speculation in New York that Sony might bid for entertainment group MCA. The logic was that Rank and MCA have had business links for many years and that defensive moves against any bid might involve closer ties between the two companies. There was considerable US interest at the 920p level, noted one marketmaker.

A third story was that Rank was planning a one-for-three share split — "it would make the stock more marketable," said a dealer. Dealers also cited a press report which said UK travel agents were predicting that more UK holidaymakers might stay in the country this summer. Because it owns Butlins, the holiday centre chain, Rank could be placed to benefit from such a trend.

Finally, Monday's entry into the Footsie of the highly rated Carlton Communications threw Ranks' lower rating into sharp relief. One securities house was said to be telling its clients to switch out of Carlton into Rank. Carlton closed 15 off at 890p.

Strong miners

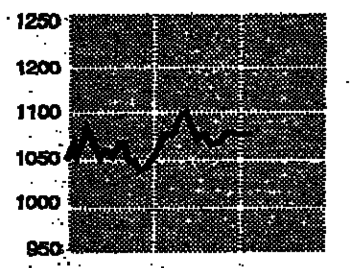
The two biggest UK mining groups — Consolidated Gold Fields and RTZ — made further strong progress with the latter up 5 at 535p on turnover of 1.8m shares and the former well bid and finally up 37 at 1385p on 1m.

Consgold's latest surge came as the market took the view that the UK company's defence initiatives have proved sufficiently good to provoke an increase in the Minorco bid to perhaps £15 or £16 a share. Minorco has until next Wednesday to increase its offer and mining market observers are convinced that any higher offer from Minorco will come on Friday or Monday.

The strength of RTZ was, according to dealers and analysts, attributable to two factors. Firstly, Mr Robert Davies of Shearson Lehman was bullish of the shares at Shearson's morning meeting. He said keen demand for North American mining stocks, notably Phelps Dodge, where a big stake was picked up recently, and Falconbridge Nickel, where a group of New York investors have acquired a 10 per cent stake, has focused attention on RTZ. The latter, according to Mr Davies, is the world's third largest copper producer. "Compared with RTZ, with its excellent growth prospects, Phelps Dodge and Falconbridge look low quality stocks," said Mr Davies.

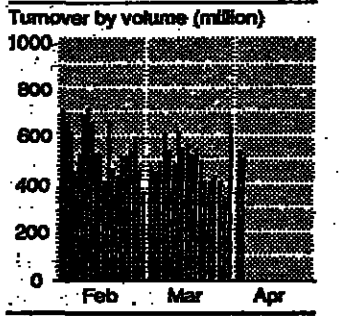
Additionally, dealers said yesterday that if Consgold is swallowed up by Minorco, then funds seeking exposure to international mining and metals via a UK-quoted company would have only one place to go — RTZ.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Beecham doubts

Beecham's strong rise since it announced it was holding merger talks with SmithKline Beckman of the US ground to a halt. Mr Didier Cowling, analyst at Nomura Research, is bullish long term but is telling clients to sell short-term. "There is more downside than upside," he said. He gave five reasons. One: if the merger does not go ahead, then the deal part of the recent rise will drop out of the price. Two: If it does go ahead, then Beecham would have to raise its capitalisation, probably by a rights issue, to nearer that of SKB. Three: a full bid would encourage the likes of Standard and Poor's to carry out their threat of downgrading Beecham's credit rating. Four: an asymmetric merger would go down badly because the market saw Beecham's management as better, and Five: an attempt to lower SKB's capitalisation by selling off its non-pharmaceutical interests could flush out other bidders for SKB.

There was talk in the market that Japanese companies, whose home markets are close to saturation, were following events closely; the names mentioned were Takeda and Fujisawa. Beecham closed down 5 at 614p.

British Gas were a big feature of late business with turnover given a substantial boost by concerted buying interest and coming out at 18m shares — well ahead of recent levels of activity; but the share price was unmoved at 176½p despite the leap in activity.

There were few other developments in oils although there was a persistent story, said to have emanated from the US, that the potential suitor for Burlington Resources, the US gas transmission group may well be BP and not, as hinted at last week, Shell. Analysts said the two would make a good fit in terms of strategy but doubted BP would contemplate a move of this magnitude given its high level of gearing after the KIO buyback deal.

Whitbread were the talk of the brewery sector as the "A" shares climbed 6 to 356p on turnover of 4.2m. One broking house pursued the stock all day, and dealers believe that the company has revalued its property assets, although there is some doubt as to whether any figures will be published. Some dealers also mentioned that a deal between Whitbread and Dutch brewer Heineken might be in the offing.

Stores were traded listlessly within a relatively tight range; dealers' attention was distracted by the US securities house Goldman Sachs' two-day retail seminar for institutions at the Savoy Hotel in London.

One feature was the good turnovers in Boots, down 2 at 276p (3.3m shares traded) and Marks & Spencer, up 1 at 182p (3.9m). Mr John Richards, stores analyst at County NatWest Woodmac, has noted that the early week rise in Boots on the back of the Beecham/Smithkline Beckman story has left Boots standing at a premium to M&S for the first time since 1973. Because he thinks that M&S "has the edge over Boots in terms of quality of earnings, strategic direction and management," Mr Richards suggests that investors switch out of Boots and into M&S.

Lec Refrigeration plunged 42 to 318p on publication, with year end figures, of a statement saying that cheap imports and high interest rates had cut first quarter turnover this year. A profits warning also thumped AB Electronics shares, which fell 49 to 397p.

Confirmation that Mr Larry Goodman, the Irish entrepreneur, had increased his stake in Unigate to 8.8 per cent had little impact on shares in the UK dairy group. However, the Irishman's latest move has flushed out conflicting views in the market as to what Mr Goodman might do with his chunk of Unigate. Some are convinced that a bid, either from Mr Goodman himself or from a consortium led by him, is planned. "One doesn't increase a stake from 8 per cent to nearly 9 per cent without a good reason," said one foods analyst, who predicted corporate activity soon.

Others, however, believe Mr Goodman is playing a different game. "I think he's trying to do a Ron Brierley and is building up a big holding before passing it on to another interested party," mused a second follower of the stock. At the close Unigate were a penny easier at 357p amid little trade.

Gateway, the supermarket chain, were a good market as retail stocks benefited from some defensive buying. It was revived talk of a management buy-out that initially flushed out the demand for Gateway, and the shares raced ahead in busy trading. They closed 3½ better at 170½p on turnover of nearly 6m shares.

The recent stream of brokers' "classic long-term buy" recommendations for BAA made the stock one of the few strong performers in the Footsie index. Dealers marked up prices all day in an attempt to find sellers and the stock closed 10 ahead at 350p. "It's got so much downside protection there's not much point in selling," said Ms Jennie Younger, analyst at BZW.

Havelock Europa warned that second half profits for the current year would be "very much below the level achieved for the first half," and the upshot was the shares wilted 51 to 142p. Board changes at Blue Arrow were generally welcomed in the market and the shares rose 1½ to 93p. The buying interest continued to come from New York.

Securicor and its Security Services unit reacted badly to their joint £25m rights issue. Securicor's "A" shares shed 28 at 582p while Security services found itself 22 worse off at 523.

Maxwell Communications twitched again awaiting today's trading statement and settled 3 off at 206p. Mr Stephen Weller of Kleinwort Benson is looking for profits of £175m compared with £166m previously. United Newspapers revealed details of the latest US expansion but the shares lost more ground to close 11 lower at 437p as disenchanted bid speculators reduced their commitments.

Quarto went against the run of the mill, the record profits and worldwide acquisitions countering the effects of a £6.5m share placing. At the close, the shares were 8 dearer at 173p. Ketson bounced after early demand touched off intra-market business which forced the price up to 39p before a close of 35p, a net 2½ better on the day. The company's results were due three weeks ago, said a marketmaker.

The recent spate of favourable recommendations continued to attract investors to P&O and the shares gained 5 further to 671p. Ocean Transport eased to 304p after revealing slightly lower profits of £38.5m compared with the market range of £38m to £40m before surging late as bid hopes revived. The shares eventually rose to 316p.

S Jerome, the textile concern, disclosed higher annual profits but, at £2.4m, they failed to meet some analysts' estimates and the shares scurried back to 213p, for a loss of 13.

The prevailing discount to net asset value on Meldrum Investment Trust contracted swiftly from 17 per cent to under 4 per cent as the shares rose 25 to 165p after news of the proposed reconstruction.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 22

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for more Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1989

[illegible]

APPOINTMENTS

Chairman at IMI

■ Sir Eric Pountain is to become chairman of IMI following the annual meeting on May 16. Sir Eric, who will remain executive chairman of Tarmac, will succeed Sir Robert Clark who is retiring after 17 years on the IMI board, eight years as chairman.

Mr Nicholas C. Paul and Mr Peter C. Roberts have been appointed executive directors from June 1 on the retirement of Mr Donald Ayres.

The appointments of Mr Paul and Mr Roberts are made together with changes in IMI's organisation which will be restructured as follows: Mr Peter Roberts, building products group director, Mr Roy Amos, drinks dispense group director, Mr Trevor Lamb, fluid power group director, Mr Nick Paul, special engineering group director, and Mr Peter Fisken, refined and wrought metals group director. Mr Gary Allenreams managing director and Mr Gordon Taylor finance director.

■ Mr Ian Fisher and Mr Paul Bristow have been appointed directors of MMG PATRICOF BUY-INS. Mr Fisher was a senior partner with Bain & Co, and Mr Bristow was group finance director, London International Group.

■ Mr Tim Gold Blyth has been appointed chairman of UNITED TRANSPORT INTERNATIONAL, a BET subsidiary. He succeeds Mr Paul Rodder, who remains a director of BET until he retires next year. Mr Blyth, a BET director, is chairman of Tourism International, UTI's touring company.

Derek E. Watson to full directors.

■ FREEMANS has appointed Mr Stephen P. Smith as merchandise director of Freemans and managing director of [illegible] Corporation, the buying subsidiary of Freemans, the mail order company. He was merchandise director of Grattan.

■ Mr Peter N. Atterby has been appointed managing director of LUXUS. He has been with the company since 1970.

■ DENIS M. CLAYTON has promoted divisional directors Mr Peter J. Allen and Mr

■ Mr D.B. Mackay, a director of ICI Chemicals & Polymers, has joined the board of TIOXIDE GROUP. Mr R.B. Appleton has resigned from the board.

■ Mr Richard [illegible] has been appointed executive manager, agency development, of CROWN FINANCIAL MANAGEMENT. He was management development manager at Citicorp British National.

■ SHARP & LAW, Bradford, has appointed Mr Peter Rawlins as group finance director and joint deputy managing director. He was managing director of Graham Building Services, a specialist division of BTR.

■ Mr Desmond F. Gallen has been appointed managing director of Abbey Homesteads (Developments). He was deputy managing director, and is a director on ABBEY main board.

■ Mr Andrew Guille has been appointed a director of LEOPOLD JOSEPH & SONS (GUERNSEY), a wholly-owned subsidiary of Leopold Joseph Holdings.

■ Mrs Julia Connors has been appointed a director of YELLOWHAMMER FINANCIAL, a subsidiary of Yellowhammer.

■ CITICORP SCRIMGEOUR VICKERS, Hong Kong, has appointed Mr Nick Peacock as director of research and strategy, and Mr Casper Li as director of corporate finance.

Mr Peacock, who was research director of Hoare Govett in Hong Kong, joins May 15. Mr Li is currently head of CSV's Hong Kong research department.

■ MARCONI COMMAND AND CONTROL SYSTEMS has appointed Mr Bill Hamilton, formerly general manager at MCCS Hillend in Fife, as assistant marketing director at headquarters in Frimley, Surrey. Mr Bill Henderson, formerly general manager of Marconi Radar Systems at Gateshead, becomes general manager at MCCS Hillend.

■ Mr John Martin, a senior partner at Watsons, consulting actuaries, has been appointed deputy chairman of the OCCUPATIONAL PENSIONS BOARD. Mr Ron Amy, group compensation and benefits director at Grand Metropolitan, and Mr William Ramsay, a director of N.M. Rothschild Asset Management, have been appointed to the board.

■ Sir Peter Craft Hutchison has been appointed vice chairman of the BRITISH WATERWAYS BOARD for three years. He is chairman of Hutchison and Craft, insurance brokers, and a director of Stakis.

PUBLIC WORKS LOAN BOARD RATES

Effective April 5

Years	Quota loans repaid: by EPI†	Quota loans repaid: At††	Quota loans repaid: at maturity§	Non-quota loans A* repaid: by EPI†	Non-quota loans A* repaid: At††	Non-quota loans A* repaid: at maturity§
1			12			12¼
Over 1 up to 2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 2 up to 3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 3 up to 4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 4 up to 5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 5 up to 6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 6 up to 7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 7 up to 8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 8 up to 9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 9 up to 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 10 up to 15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 15 up to 25	10	[illegible]	[illegible]	[illegible]	[illegible]	10
Over 25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. ††Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). §With half-yearly payments of interest only.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1200)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	47.53	48.01	51.07	+0.19	5.37
Gilts & Fixed Int	6	111.70	111.70xd	118.60	-0.00	8.43
High Inc Equity	6	129.20	132.20xd	140.6	-0.6	4.52
Worldwide Bond	6	188.00	188.00xd	199.30	-0.5	4.87
Capital Growth						
American Growth	6	160.20	162.40	172.70	-0.1	1.67
Asian Pacific	6	86.48	88.30	93.97	-0.24	0.92
Assets & Earnings	6	158.10	158.10	169.10	-1.1	2.21
Capital Reserve Acc	0	84.06	84.06xd	84.11	-0.00	4.76
Comdty & Energy	6	95.61	98.52xd	104.80	-0.90	0.00
1992 Enterprise	6	54.83	55.85	59.41	-0.19	3.03
European Capital	6	79.60	80.17	85.28	-0.29	0.88
General	6	172.00	172.00xd	184.00	-0.2	2.45
Japan	6	109.10	110.00	117.00	-1.1	0.00
Mastertrust	6	80.85	80.85	86.48	-1.1	2.86
UK Growth Acc	6	197.70	206.20	219.30	+0.0	1.28
UK Growth Dist	6	131.80	137.60xd	146.20	-0.1	1.92
US Emerging Cos	6	46.99	48.67	51.77	-0.27	0.00
Income & Growth	6	286.90	292.90	311.50	-1.8	3.29
Ethical	6	48.71	49.88	53.06	..	2.36
Abtrust Management Ltd (1000)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
American	5¼	–	–	–	–	–
Australian	5¼	–	–	–	–	–
European	5¼	56.80	56.80	60.63	-0.19	0.00
Extra Income	5	42.28	42.28xd	45.11	+0.17	4.40
Fund Inv Tst	5	116.3	116.3xd	124.2	-0.40	1.96
Do Accum	5	177.3	177.3xd	189.3	-0.60	1.96
Gilt & Fixed Int	5¼	21.78	21.78xd	23.26	-0.04	10.07
Global Income	5¼	–	–	–	–	–
Income & Growth	5¼	71.30	71.30xd	76.11	-0.55	3.71
Japan	5¼	186.0	186.0	198.6	+0.00	0.00
Nth Amer Inc Ltd	5	26.76	26.76xd	28.57	+0.16	4.35
Special Situations	5¼	70.39	70.39xd	75.14	-0.58	0.87

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F 83 Kingsway, London, WC2B 6SD 01-405 8331						
Capital & Equity	5	63.47	66.29	70.53	-0.04	5.65
European	5	60.45	60.97	64.87	+0.12	0.25
Far Eastern	5	56.29	56.30	59.90	-0.12	1.00
Growth Inc	5	88.67	92.13	98.01	-0.48	2.48
Growth Acc	5	88.67	92.13	98.01	-0.48	2.48
Income Inc	5	81.26	83.56	88.89	-0.28	3.60
Income Acc	5	81.26	83.56	88.89	-0.28	3.60
Property Share	5	55.57	55.57	59.21	-0.20	1.12
Smaller Co's	5	62.83	62.83	66.83	-0.44	2.46
Formerly BBC Trust Managers Ltd						
Nth American	5	54.63	54.63	58.42	+0.24	1.36
International	5	43.69	43.69	46.71	+0.30	1.52
Wright Seligman Fund Mngrs Ltd (1000)H 11 Blomfield St, London EC2M 7AY 01-588 0592						
Growth	5	94.88	94.88	99.88		0.92
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	61.92	64.25	68.35	-0.10	3.01
YBTM UK Equity Inc Tst	5¼	59.94	62.01	65.97	-0.46	4.42
YBTM Int Cash Tst	5¼	46.85	46.83	49.98	-0.27	1.10

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gr's
Baillie Gifford & Co Ltd				
Int'l Expt Feb 15	428.8	445.3		
Cent. Bd. of Fin. of Church of England‡‡ 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund Mar 31		498.00		4.76
Fxd Int Sec Mar 31		142.20		10.06
Deposit Mar 31		100.00		12.56
Charities Official Invest. Fund‡‡ 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Income Mar 31		472.94		5.05
Accum Mar 31		1341.14		
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Apr 5	125.3	128.7	+0.6	1.75
Managed Apr 5	127.6	132.4	-0.1	2.17
Japan Apr 6	139.7	143.5	+3.2	0.10
Pacific Mar 31	423.2	434.7	+12.3	0.21

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
Allied Dunbar Assurance Plc Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514				
Fixed Int. Dep. Acc	257.2	270.8	+0.1	-
Equity Acc	825.0	868.5	+1.6	-
Property Acc	485.5	511.1		-
Far East Acc	196.6	207.0	-0.5	-
European Acc	21.0	22.2		-
Managed Acc	652.1	686.5	+1.1	-
Managed Cap	371.1	390.7	+0.6	-
O'seas Earnings Acc	549.9	578.9	+2.7	-
Gilt Edged Acc	313.9	330.5	+0.3	-
American Equity Acc	411.2	432.9	+0.7	-
American Man. Acc	191.8	201.9	+0.2	-
American Prop Acc	138.9	146.3	-0.8	-
Pen. F.I. Dep. Cap	283.1	298.0		-
Pen. F.I. Dep. Acc	481.8	507.2	+0.2	-
Pen. Prop. Cap	569.3	599.3	+0.4	-
Pen. Prop. Acc	1069.7	1126.0	+0.8	-
Pen. Man. Cap	797.0	839.0	-3.1	-
Pen. Man. Acc	1497.2	1576.0	-5.5	-
Pen. Gilt Edg. Cap	313.9	330.5	+0.2	-
Pen. Gilt Edg. Acc	481.8	507.2	+0.2	-
Pen. Eq. Cap	1306.7	1373.4	-6.5	-
Pen. Eq. Acc	1857.5	1955.3	-9.0	-
Pen. Am. Eq Cap	130.9	137.8		-
Pen. Am. Eq Acc	157.0	165.3	+0.1	-
Pen. Far East Cap	235.3	247.7	-0.7	-
Pen. Far East Acc	282.3	297.2	-0.9	-
Pen. Euro Cap	23.7	25.0		-
Pen. Euro. Acc	25.6	27.0		-
Pen. B.S. Acc	526.1	552.5	+0.2	-
Pen. B.S. Cap	317.8	333.7	+0.1	-
Pen. D.A.F. Acc	369.0	369.0	+0.1	-
Pen. D.A.F. Cap	250.2	250.2		-
Pen. Mortgage Cap	142.1	149.6		-
Pen. Mortgage Acc	170.5	179.5		-
Barings Funds				
Pen Eqs Cap	27.1	28.6		-
Pen Eqs Acc	28.0	29.5	-0.1	-
Pen Am Eq Cap	28.5	30.1		-
Pen Am Eq Acc	29.6	31.1	+0.1	-
Pen Far East Cap	29.5	31.1		-
Pen Far East Acc	30.5	32.2		-
Pen Euro Cap	32.3	34.0	+0.1	-
Pen Euro Acc	33.4	35.2	+0.2	-
Jardine Capel Funds				
Pen Eqs Cap	28.3	29.8	-0.1	-
Pen Eqs Acc	29.3	30.9		-
Pen Am Eq Cap	28.5	30.2	-0.4	-
Pen Am Eq Acc	29.7	31.3	-0.4	-
Pen Far East Cap	29.2	30.8	-0.2	-

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

	Bid Price	Offer Price	+ or -	Yield Gross
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd. N. Waterloo. Liverpool				051-928 6655
Managed Fund	293.4	308.9	+2.1	–
Man Pens Inc & Cap Fd	384.9	405.2	+3.6	–
Money Fund	118.2	124.5	+0.2	–
Pens Mngd Fd (Init)	102.0	107.4	+0.4	–
Pens Mngd Fd (Acc)	122.3	128.8	+0.6	–
Pens FT30 Fd (Init)	142.6	150.2	–0.1	–
Pens FT30 Fd (Acc)	170.9	179.9	+0.1	–
Pens O'seas MgFd(Init)	71.7	75.5	–0.3	–
Pens O'seas MgFd(Acc)	86.0	90.6	–0.2	–
Pens Fxd Int Fd (Init)	104.4	109.9	–0.6	–
Pens Fxd Int Fd (Acc)	125.2	131.8	–0.5	–
Pens Deposit Fd (Init)	104.1	109.6	+0.1	–
Pens Deposit Fd (Acc)	124.7	131.3	+0.2	–
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath				0444 458721
American	110.00	116.00	----	–
Building Soc. Fd.	169.0	178.0	----	–
Balanced	274.0	289.0	----	–
European	158.00	167.00	----	–
GT Managed	177.0	187.0	+1.0	–
Gartmore Mngd.	112.0	118.0	----	–
German	106.0	112.0	+1.0	–
Gilt	175.0	185.0	–1.0	–
Global	48.0	51.0	----	–
High Inc.	117.0	124.0	----	–
International Equity	182.0	192.0	+1.0	–
Japan	241.0	254.0	+1.0	–
Managed	63.0	67.0	----	–
Property	276.0	291.0	----	–
R. W. Imperial Gold	132.0	139.0	----	–
UK Equity	369.0	389.0	----	–
Pension Funds				
American	138.0	146.0	----	–
Building Soc. Fd.	167.0	176.0	----	–
Balanced	212.0	224.0	----	–
European	156.0	165.0	----	–

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Skandia Life Assurance Co Ltd—Contd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

GUERNSEY (**)

JERSEY (**)

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99½	99½	Treas 9½pc Cnv 1989	99½	.....	–	–
99¼	97½	Treas 3pc 1989	99¼	.....	3.02	10.39
99½	99½	Treas 10½pc 1989	99½	.....	10.54	12.37
99½	98½	Exch 10pc 1989	99½	.....	10.08	12.44
99½	99½	Exch 11pc 1989	99¼	−½	11.08	12.46
97½	95⅝	Treas 5pc 1986-89	97½xd	−½	5.14	10.46
99½	99¼	Exch 10¼pcCv '89	99¼	−½	10.31	10.14
101½	100½	Treas 13pc 1990‡‡	100¾	−½	12.90	11.90
99½	99	Exch 11pc 1990‡‡	99½	.....	11.08	11.91
101½	100¼	Exch. 12½pc 1990	100½	−½	12.44	11.91
93¼	91½	Treas. 3pc 1990	93½xd	+½	3.22	9.70
96½	95⅝	Treas 8¼pc 1987-90‡‡	96	−½	8.58	11.82
98½	96½	Treas. 8pc Cv 1990‡‡	96¼	−½	8.32	11.32
98½	97½	Treas. 10pcCv 1990	97¾xd	−½	10.23	11.63
90	87½	Exch 2½pc 1990	89⅝	.....	2.79	9.52
101½	100½	Treas 11¾pc 1991	100½	−½	11.71	11.53
91¾	89¾	Funding 5¾pc '87-91‡‡	91½xd	+½	6.28	10.58
88½	86½	Treas. 3pc 1991	87⅝	+½	3.42	9.61
100½	97⅝	Treas 10pc Cv '91‡‡	97⅝	−½	10.24	11.20
101½	99⅝	Exch. 11pc 1991	99⅜xd	−½	11.07	11.28
94¼	92½	Treas. 8pc 1991	92½	−½	8.63	11.21
106½	104¼	Treas 12¾pc 1992‡‡	104½	−½	12.23	10.93
99½	97¼	Treas 10pc 1992	97½	−½	10.25	11.00
94½	91½	Treas. 8pc 1992‡‡	92½xd	−½	8.65	10.99
100¾	98½	Treas 10¼pc Cv 1992‡‡	98¼xd	−½	10.63	10.96
85½	82¼	Treas. 3pc 1992	83⅝	−½	3.59	9.00
105½	103½	Exch. 12¼pc '92	103½	−½	11.83	10.97
109¾	107½	Exch 13½pc 1992	107½	−½	12.59	10.90
94½	92	Treas 8¾pc 1993	92¼	−½	8.96	10.79
100½	97½	Treas 10pc 1993‡‡	97½xd	−½	10.21	10.64
108¾	105½	Treas 12½pc 1993‡‡	105½	−½	11.79	10.70
87¼	85½	Funding 6pc 1993‡‡	85½	−½	6.94	9.83
113¾	110½	Treas 13¾pc 1993‡‡	110½	−½	12.39	10.67
94½	91½	Treas. 8½pc 1994	92½	−½	9.24	10.64

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
32⅝	26½	Abbott Laboratories‡	31¾xd	+½	$1.20	–	2.2
537p	361p	♦Allegheny & W 1c	478p	−6	30c	–	3.7
15½	12½	Amax $1	14⅜	.....	40c	–	1.6
11¾	957p	Aradahl 5c	957pxd	−27	h10c	–	0.6
31¾	25½	Amer. Cyanamid $5	30½	+½	$1.20	–	2.3
18⅞	14½	Amer. Express 60c	18⅝xd	+¼	84c	–	2.6
12¾	854p	Amer. Medical Int. $1	12½	−½	47½c	–	3.4
19	15¾	American T. & T. $1	18⅜	−½	$1.20	–	3.8
30½	26½	Ameritech $1	30xd	−¼	h$2.92	–	5.7
14½	9⅝	BankAmerica $1½	14	−½	60c	–	2.5
25⅝	19⅝	Bankers N.Y. $1	24½xd	−½	$2.08	–	4.9
45¾	38½	Bell Atlantic $1	44¼	−½	$4.08	–	5.4
25¾	19¾	BellSouth Corp	24¾	−½	$2.36	–	5.6
15⅞	12½	♦Bethlehem Steel $8	14¾xd	+½	–	–	–
11⅝	929p	♦Bio-Rad Labs. A	11¼	−½	–	–	–
17¼	15¼	Bowater Inc	16½	−½	$1.12	–	3.9
12	9¼	Brunswick 75c	11½xd	+¼	44c	–	2.2
31¼	28¾	CPC Intnl. 25c	31¾	+½	$1.60	–	2.9
19¾	17½	CSX $1	17⅝	+½	$1.24	–	4.1
798p	333p	California Engy	518p	+1	–	–	–
20½	17¼	Campbell Soup 15c	20	−½	92c	–	2.7
22½	15½	Chase Manhattan $12½	22½	−½	$2.36	–	6.2
21½	17	Chem. Banking Corpn	20½	−½	$2.72	–	7.7
16¾	14½	Chrysler $6¼	14⅝xd	−½	$1.20	–	4.9
17⅞	14½	Citicorp $1	17½xd	−½	$1.48	–	5.0
230p	169p	CityFed Fin. Corp	177p	−14	4c	–	1.3
28½	25¼	Colgate-Palmolive $1	28¼xd	.....	s$1.48	–	3.1
21½	16¾	Cons Freightways 62½c	18½	+½	98c	–	3.1
12⅝	10¾	Cont'l Bank Corp $4	12¼	−½	8c	–	0.4
388p	312½p	♦Corporate Data Scnce	335p	+23	–	–	–
386p	278p	Cellinet Sftwr 1c	295p	+1	–	–	–
22½	21½	Dana Corp. $1	22¾	.....	$1.60	–	4.1
10½	854p	Data General	854p	−42	–	–	–

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

CANADIANS

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
157p	130p	♥ABM Gold Corp ‖	136p	−6	−	−	−
18¼p	4½p	♥Abbot Energy Corp.	18¼p	+1	−	−	−
13¼	902p	♥Amer. Barrick Res.	12½	+¼	−	−	−
3¼p	2⅛p	♥Amer. Lightwave ‖	2½p	.....	−	−	−
19½p	12¼p	♥Armeno	15p	−2¼	−	−	−
109p	94p	♥Asiamerica ‖	108p	...	−	−	−
33¼p	23p	♥Augmitto Expln.	23½p	+½	−	−	−
14⅝	12⅞	Bk Montreal ‖	14¼	−⅛	$2.12	−	7.2
762p	655p	Bk. Nova Scot. ‖	711p	−6	84c	−	5.7
18¾	17	BCE ‖	18½	+½	$2.44	−	6.3
768p	570p	♥Bow Valley ‖	761p	−3	♦40c	−	2.5
14¼	12½	♥Brascan ‖	13¼	−½	88c	−	3.2
228p	183p	♥Breakwater Res.	183p	−2	10c	−	2.6
13¾	11⅛	Can Imp Bank ‖	12⅞	+¼	$1.16	−	4.3
12¼	997p	Can Pacific ‖	11¾	+¼	76c	−	3.2
38½	38½	Do. 4pc Deb £100	38½	.....	4%	−	10.4
495p	374p	Central Capital "A" ‖	495p	+13	−	−	−
448p	340p	♥Corona Corp	414p	.....	−	−	−
373p	228p	♥Cons TVX Min.	334p	−12	−	−	−
48½p	19½p	♥Danbus Mem Syst. ‖	24p	+½	−	−	−
633p	524p	♥Derlan Inds. ‖	606p	−6	11.75c	−	0.9
953p	751p	♥Echo Bay Mines	872p	+7	$0.07	−	0.4
572p	370p	♥ECO Corp ‖	445p	−12	−	−	−
16¼p	9½p	♥Energex Minerals ‖	10½p	.....	−	−	−
234p	203p	♥Galactic Resources	226p	+1	−	−	−
330p	243p	Gandalf Techs. Inc.	269p	+23	−	−	−
54½p	34p	♥Geodome Res.	34½p	−1	−	−	−
163p	148p	Granges Expln ‖	148p	−5	−	−	−
27½p	6p	♥Gt Pacific Res.	16½p	−½	−	−	−
779p	651p	♥Gulf Canada ‖	730p	+7	52c	−	3.4
12½	10¼	♥Hawker Sid Can ‖	12½	+⅛	$1.08	−	4.2
536p	348p	♥Henlys Group	507p	+13	−	−	−
13¼	11½	♥Hudson's Bay ‖	13¼	+⅛	60c	−	2.2
28¼	23	♥Imperial Oil ‖	26½	−¼	$1.80	−	3.3
18¾	14½	Inco ‖	16⅞	−⅛	s$0.80	−	2.8
662p	599p	♥Inland Nat. Gas $1	649p	−6	60c	−	4.4
158p	102p	♥Madeleine Mines	158p	+12	−	−	−
193p	163p	♥Muscocho Expln.	178p	.....	−	−	−
126p	85½p	♥Nevada Goldfields	119p	+3	−	−	−
12⅝	10⅞	♥Rio Algom	11¼	.....	$1.30	−	5.3
19¾	17¼	Royal Bk. Can. ‖	19⅝	+⅛	$2.20	−	5.4
41½	33½	Seagram ‖	40½	−¼	US$1.40	−	2.0
112p	74½p	♥Sonora Gold Corp ‖	99p	+3	−	−	−
85p	33p	♥Spiral Eng ‖	74½p	−5	−	−	−
109p	73p	♥Tarn Pure Tech. Corp ‖	94p	.....	−	−	−
19½	16¼	Toronto-Dom. Bk. ‖	18⅝	−⅛	$1.12	−	2.9
799p	686p	♥Trans Can Pipe	792p	+1	68c	−	4.1
183p	154p	Varity Corp ‖	161p	+3	B	−	−

BANKS, HP & LEASING

1989 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
*278	226	ANZ SA1	226	−6	s034½c	2.0	7.7	6.5
*310	241	Allied Irish	310	+6	F07.9%	3.1	4.9	10.7
£12½	£11¼	Algemene Fl. 10	£11¼	+⅛	Q27%	1.9	6.5	−
85	62	Anglo Irish	80	.....	Q19.69%	1.2	5.6	22.8
79	75	Ansbacher (H.) 1p.	77	.....	2.0	−	3.5	−
£51¼	£45½	B'caire Cie Fr100	£51¼	+1	Q12¼%	−	2.3	−
£40⅞	£36¼	Banco Bilbao Viz.	£37	−⅞	Q35.7%	2.0	3.5	14.2
£32½	£28	Banco de Santander	£32⅞	−⅜	Q21%	2.4	2.3	18.0

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS — Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING — Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) — Contd

INDUSTRIALS (Miscel.) — Contd.

INSURANCES

LEISURE

هكذا من الأصل

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

High	Low	Stock	Price	+ or -	Div Net	Cvr	Yld Gr's	P/E
60	40	Propeller 1p ... y	50xd	.....	0.5	♦	1.3	♦
65	56	Rentaminster 5p ..y	63	.....	F2.0	4.3	4.2	14.7
197	190	Royal Sovereign 10p. y	185xd	.....	5.5	♦	4.0	♦
21½	20	Scott Pickford 10p ..y	20	.....	3.1	0.7	20.7	10.4
133	95	Seacon Hldgs .... y	128xd	.....	2.5	♦	2.6	♦
11	7	Sonic Tape 2½p ...y	7	.....	–	–	–	9.2
19	13	Stats Hldgs. 5p.... y	13	.....	–	–	–	15.4
°2¼	1¼	Swanyard Studios 1p y	2½	.....	–	–	–	♦
525	285	Takare ....y	480	–25	1.0	♦	0.3	♦
46	26	Tomorrows Leisure 20p y	45	–1	–	–	–	22.4
19	14	Tullow Oil 10p..... y	16	.....	–	–	–	–
113	100	UPL Group 10p.....y	110	.....	L2.41	4.3	2.9	15.0
147	140	Unit Group. ....y	140	.....	F7.5	2.9	7.1	8.0
32	23	Whitegate Leisure 20p. y	31½	–½	–	–	–	–
17½	10	Do Wrrnts.............y	17	–½	–	–	–	–
9¾	5	Wilton Group 1p...y	9¼	.....	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ❖ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- \# Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... y	92	+1
Craig & Rose £1.. y	720	.....
Finlay Pkg. 5p.... y	93	.....
Holt (Jos) 25p..... y	1275	–5

IRISH

Cap. 8¾% Ln. 1991...	£100¾	.....
9pc Cap Ln. 1996..	£101	.....
Fin. 13% 97/02...	£120½	.....
Arnotts..................	470	+5
Carrol (P.J.)...... y	152	.....
Hall (R. & H.).......	150	+5
Helton Hldgs........ y	72	+2
Irish Ropes............	178	+8

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	26
Barclays	54
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord.	18
Cadburys	31
Charter Cons.	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	58
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen.	26
Lex Service	34
Lloyds Bank	29
Lucas Inds.	48
Marks & Spencer	15
Midland Bk.	35
Morgan Grenfell	28
NEI	12
Nat West Bk.	45
P & O Dfd.	48
Plessey	15
Polly Peck	28
Racal Elect.	25
RHM	32
Rank Org Ord.	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	58

Oils

Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines

Cons Gold	100
Lonrho	38
RTZ	40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen and pound look vulnerable

THE JAPANESE yen and sterling looked vulnerable to further downward pressure yesterday. The yen's problems centre on threatened political instability in Japan, as a result of more disclosures about the Recruit Cosmos share scandal, while sterling is suffering from nervousness about a deterioration in the UK trade position.

Yen and sterling currency futures came under pressure on the International Monetary Market in Chicago, as both currencies weakened on the foreign exchanges. Another unit to suffer from general weakness was the Swiss franc, although the currency recovered part of its early losses against the D-Mark. Widening interest rate differentials, as the Swiss National Bank remains reluctant to increase rates, encouraged one or two large selling orders against the Swiss franc in the morning, but demand from London was seen later in the day.

The yen began to weaken in Tokyo, and remained depressed later in Europe and the US. This followed reports of a Y30m payment to the political group supporting Mr Noboru Takeshita, the Japanese Prime Minister, by the scandal ridden Recruit Cosmos company. In Tokyo the dollar closed at Y131.35, and rose to Y131.75 in London, compared with Y130.90 on Tuesday.

The dollar was firm against most currencies, in quiet and featureless trading. The US currency appears to be caught between fears of central bank intervention, to suppress any rise above DM1.90, and support from speculation about higher US interest rates. At the London close it had climbed to DM1.8720 from DM1.8700; to SFr1.6415 from SFr1.6315; and to FFr6.3175 from FFr6.3100. On Bank of England figures, the dollar's index rose to 68.1 from 67.9.

Fears that a deteriorating UK current account deficit will result in a loss of confidence in sterling were again evident yesterday. In nervous trading the pound fell 65 points to \$1.7000. It also declined to DM3.1825 from DM3.1900 and to FFr10.7400 from FFr10.7675, but rose to Y224.00 from Y223.50 and to SFr2.7900 from SFr2.7850. According to the Bank of England, sterling's index fell 0.1 to 95.5.

Signs of a change in the thrust of Danish economic policy provided support for the krone. The Danish currency remained the weakest member of the European Monetary System, but traded well within its agreed limit against the strongest EMS currency, the D-Mark.

The krone has fallen to the bottom of the EMS, but Mr Erik Hoffmeyer, governor of the Danish Central Bank, has now indicated he is concerned about the drain on Denmark's foreign exchange reserves.

The D-Mark fell to DKr3.8888 from DKr3.8933 at the Copenhagen fixing, after Mr Hoffmeyer said he is ready to raise interest rates if Denmark's reserves continue to fall. Central bank support for the krone in March reduced Denmark's reserves by DKr10.07bn to DKr64.00bn.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.5	% change from central rate	% change adjusted for divergence	Divergence limit, %
Belgian Franc	42.4582	43.5832	+2.65	+0.95	±1.5344
Danish Krone	7.85212	8.09541	+3.10	+1.40	±1.5404
German D-Mark	2.05853	2.08176	+1.13	-0.57	±1.0981
French Franc	6.90403	7.02339	+1.73	+0.03	±1.3674
Dutch Guilder	2.31943	2.34779	+1.22	-0.48	±1.5012
Irish Punt	0.768411	0.780383	+1.56	-0.14	±1.6684
Italian Lira	1483.58	1526.26	+2.88	+1.88	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

[illegible]

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

*All SDR rates are for Apr.4

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Sterling prices lose ground

SHORT-STERLING futures had another disappointing day in the London Liffe market. The lack of confidence in the June instrument reflects its poor position in relation to the underlying cash rate. At yesterday's close of 86.97, the price discounts a base rate of 13 per cent. But the current economic climate suggests that base rates, over the short-term, are as likely to rise as to fall, and this has tended to depress values in the futures market.

The June price was quoted at a low of 86.94 although the lowest traded price was more likely 86.95. It finished at 86.97, down from 87.05 at the opening.

Long gilt futures were also in a depressed mood following news of a £400m Eurobond launched by the Republic of Italy. Values were marked down before the terms of the bond were announced, and fell further on confirmation that the 25-year issue would carry a coupon rate of 10¼ per cent.

The June long gilt price fell sharply from its opening level of 96-02 to touch a low of 95-15. It recovered to close at 95-18, down from 96.06 on Monday. The slight recovery from the day's low came after news that the Bank of England is to hold a reverse auction on around £500m of medium-dated gilt stock. Trading volume was high with just over 25,000 lots changing hands.

US Treasury bond futures finished higher compared with the close on Tuesday but showed little change on the day. The June price finished at 89-01 up from 88-24 previously but down from a high of 89-06.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
92	340	440	4	12
93	243	349	7	21
94	153	263	17	35
95	109	218	37	54
96	40	144	104	116
97	20	113	148	149
98	11	53	239	225

Estimated volume total, Calls 2656 Puts 2660
Previous day's open int. Calls 21739 Puts 17053

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
84	511	539	9	37
86	324	403	22	101
88	153	249	51	147
90	48	145	146	243
92	16	63	314	361
94	5	37	503	535
96	2	—	700	—

Estimated volume total, Calls 405 Puts 215
Previous day's open int. Calls 1961 Puts 1799

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements Apr	Calls-settlements May	Puts-settlements Apr	Puts-settlements May
155	—	—	—	—
160	1030	1030	0	4
165	530	530	2	44
170	112	192	96	212
175	3	41	487	561
180	0	5	984	1025
185	0	0	1484	1520

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 150 Puts 1600

LIFFE EURODOLLAR OPTIONS
£1m points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
8875	93	97	8	22
8900	72	79	12	29
8925	53	64	18	39
8950	36	50	26	50
8975	24	37	39	62
9000	15	27	55	77
9025	9	19	74	94

Estimated volume total, Calls 29 Puts 25
Previous day's open int. Calls 2513 Puts 3859

LIFFE SHORT STERLING

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
8650	61	115	14	16
8675	44	95	22	21
8700	28	78	31	29
8725	18	62	46	38
8750	11	48	64	49
8775	7	36	85	62
8800	3	26	106	77

Estimated volume total, Calls 1800 Puts 1421
Previous day's open int. Calls 17876 Puts 14854

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; 7-10 YEAR 9% NOTIONAL GILT; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; THREE MONTH STERLING; FT-SE 100 INDEX; THREE MONTH EURODOLLAR; US TREASURY BONDS 8%; 6% NOTIONAL GERMAN GOVT. BOND; POUND-$ (FOREIGN EXCHANGE); DM-STERLING

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; U.S. TREASURY BILLS (IMM); SWISS FRANC (IMM); JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); THREE-MONTH EURODOLLAR (IMM); STANDARD & POORS 500 INDEX

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS : 48,582
A=Ask B=Bid C=Call P=Put

MONEY MARKETS

UK rates firmer

UK INTEREST rates were slightly higher where changed in London yesterday. While sterling was only marginally weaker, investors are keenly aware that the authorities are likely to push rates firmer if the pound shows signs of sustained weakness. The key three-month interbank rate was quoted at 13⅛-13 per cent compared with 13$\frac{1}{16}$-13 per cent while the one-year rate was unchanged at 13-12⅞ per cent.

UK clearing bank base lending rate
13 per cent
from November 25

The Bank of England forecast a shortage of around £200m. Factors affecting the market included bills maturing in official hands and a take-up of Treasury bills, together with repayment of any late assistance draining £77m. There was also a rise in the note circulation of £85m, and Exchequer transactions drained a nominal £5m. In addition, banks brought forward balances £15m below target.

The forecast was revised to a flat position, and the Bank gave no assistance in the morning. A further revision took the forecast to a surplus of £150m, and the Bank sold £124m of Treasury bills at 12¼-12⅝ per cent, maturing tomorrow.

In Frankfurt, the Bundesbank allocated a total of DM37.2bn at its latest two tier sale and repurchase tender. The 27-day facility for DM24.5bn was allocated at between 5.85 per cent and 6.40 per cent, while the longer dated 57-day arrangement attracted successful bids of DM12.7bn at 6.00-6.40 per cent.

Despite a wide divergence in successful allocation rates, the Bundesbank stressed that most of the applications were accepted close to 5.85 per cent - the lower end of the range - and that the amounts allocated at the higher levels were relatively insignificant. Consequently there was little upward pressure on money market interest rates, and the authorities underlined their desire for stability by announcing that the Bundesbank will not hold a news conference after a meeting today of the central council.

In Amsterdam, the Dutch central bank added Fl 2.95bn of liquidity at 6.4 per cent through a two-day sale and repurchase facility. The emergency funding was provided after an earlier seven day facility of Fl 1.5bn proved to be insufficient to meet liquidity shortages.

The US Federal Reserve drained reserves from the money market in New York through overnight matched sales. Overnight Fed funds were trading at 9$\frac{11}{16}$ per cent at the time, down from 9¾ per cent on Tuesday.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BASE LENDING RATES

[illegible]

CROSSWORD

No.6,902 Set by DINMUTZ

ACROSS
1 How sweet and kind of Daddy, giving you a start (6)
4 Learned to back river with old coin in it (8)
9 Foolish move to interior, they say (6)
10 But the ornithologist need not ring it (4-4)
12 Charming society-girl in high spirits (5)
13 Old ascetic in south-east, retired – seen wandering (9)
15 Sea-bird or rook (4)
16 Toasting an alternative or just standing still? (10)
19 The man of the match (10)
20 Blot on the landscape? (4)
23 Sex Rex confused as king of the Persians (6)
25 Asked what is bound to consume 24 sheets (8)
27 Skilfully contrived device. Care if it is adapted? (8)
28 Conducted, also, round Spanish city (6)
29 Wire twisted in branch to make a cracker, say (8)
30 Oscar, perhaps, at suet-roll? (6)

DOWN
1 Party result from Barking, we hear (7)
2 Gay in Paris swallowing coarse biscuit (9)
3 Object to being posted again (6)
5 Sitting for food (4)
6 Old king's order mixed salad (8)
7 Your former slender toe-end (5)
8 Indignation felt having counterfeit gone wild (7)
11 Wader from bitingly-cold north? (7)
14 Silver ring on the beach (7)
17 Tense and flawed (9)
18 Perennial plant for high temperature? Not many attached to it (8)
19 Sort of leather with which to fight a little lower? (3,4)
21 Potential, potential wooer from the nursery? (7)
22 Supply being exhausted, there is dismissal (3,3)
24 Reversible blade (5)
26 Mark's second vehicle (4)

Solution to Puzzle No.6,901

RUSTLE REVOLTED
PRAISE CRACKERS
ESTONIAN ESTHER
SORE STATIONARY
INDISCREET EPEE
PROTON LEVERAGE
APERTURE RESIST
HOARDING DRAGON

JOTTER PAD

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · FRANCE (continued) · GERMANY · GERMANY (continued) · ITALY · ITALY (continued) · JAPAN · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · AUSTRALIA · HONG KONG · SINGAPORE

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO
2pm prices April 5

[illegible]

f—No voting rights or restricted voting rights.

INDICES

NEW YORK DOW JONES

	April 4	April 3	Mar 31	Mar 30	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2298.20	2304.80	2293.62	2281.34	2347.14 (7/2)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	87.73	87.65	87.59	87.44	89.62 (8/2)	87.35 (23/3)	-	-
Transport	1057.89	1061.77	1060.16	1027.98	1087.97 (7/2)	959.95 (3/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	184.80	184.39	184.03	181.84	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2314.88 (2317.45) Low 2282.44 (2284.09)

STANDARD AND POOR'S	April 4	April 3	Mar 31	Mar 30	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	295.31	296.39	294.87	292.52	299.63 (7/2)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	340.14	341.29	339.42	336.86	346.41 (7/2)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	27.94	28.01	27.83	27.57	28.01 (3/4)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	165.95	166.43	165.63	164.38	168.10 (16/3)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	329.19	329.47	328.31	325.47	332.52 (16/3)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	407.18	407.65	406.73	404.56	409.51 (16/3)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Mar 17	Mar 10	Mar 3	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.70	3.70	3.35

	Mar 15	Mar 8	Mar 1	year ago (approx.)
S & P Industrial div. yield	3.13	3.16	3.23	2.94
S & P Indl. P/E ratio	13.17	13.04	12.68	15.35

TRADING ACTIVITY † Volume

Millions	April 4	April 3	Mar 31
New York	160.680	165.772	170.960
Amex	11.356	10.021	10.777
OTC	139.591	122.531	125.012

NEW YORK	April 4	April 3	Mar 31
Issues Traded	1,954	1,967	1,951
Rises	639	852	1,030
Falls	831	622	413
Unchanged	484	493	508
New Highs	55	85	76
New Lows	39	25	34

CANADA

TORONTO	April 4	April 3	Mar 31	Mar 30	1989 High	1989 Low
Metals & Minerals	3258.8	3289.6	3327.7	3282.2	3564.9 (6/2)	3207.5 (3/1)
Composite	3552.6	3562.2	3578.2	3561.0	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1769.96	1770.40	1785.74	1735.32	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
SmithKline	3,953,000	65⅞	+ ¼
Illinois Power	3,730,000	14¼	+ ⅛
Tandem Comp	3,262,200	14⅞	− 2⅛
Burlington	2,567,900	50⅛	+ 1⅛
IBM	2,336,700	107⅛	− 1⅛
Lockheed	2,173,800	47⅞	− 2⅛
Ford Motor	1,857,200	49⅞	− ⅛
Exxon	1,816,800	43¼	.. ..
Tribune	1,551,800	44½	− 3½
Genentech	1,446,400	18½	+ 1⅛

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 5	Apr. 4	Apr. 3	Mar. 31	1989 High	1989 Low
AUSTRALIA All Ordinaries (1/1/80)	1426.3	1433.0	1452.0	1459.6	1551.7 (31/1)	1433.0 (4/4)
All Mining (1/1/80)	654.6	658.3	668.2	673.2	727.0 (26/1)	654.6 (16/2)
AUSTRIA Credit Aktien (30/12/84)	292.51	292.36	290.07	285.34	292.51 (5/4)	219.5 (2/1)
BELGIUM Brussels SE (1/1/80)	5781.36	5749.10	5740.30	5710.18	5834.01 (10/2)	5519.30 (4/1)
DENMARK Copenhagen SE (3/1/83)	(u)	293.70	291.96	292.07	293.70 (4/4)	275.49 (27/2)
FINLAND Unitas General (1975)	801.9	798.6	793.4	791.8	801.9 (5/4)	723.3 (4/1)
FRANCE CAC General (31/12/82)	453.1	451.0	446.8	445.0	457.3 (6/2)	417.9 (4/1)
Ind. Tendance (30/12/88)	106.4	106.3	105.4	104.9	108.1 (3/2)	97.5 (27/2)
GERMANY FAZ Aktien (31/12/58)	563.91	562.72	561.57	553.97	569.27 (8/2)	535.78 (27/2)
Commerzbank (1/12/53)	1679.3	1673.1	1669.7	1646.9	1705.6 (5/1)	1595.7 (27/2)
DAX (30/12/87)	1348.80	1339.79	1344.35	1322.66	1371.10 (5/1)	1271.70 (23/2)
HONG KONG Hang Seng Bank (31/7/64)	(c)	2991.96	2987.21	3004.98	3209.96 (9/2)	2706.69 (3/1)
ITALY Banca Com. Ital. (1972)	606.33	607.49	605.96	608.32	615.89 (17/1)	577.49 (28/2)
JAPAN Nikkei (16/5/49)	33360.79	33312.25	33042.07	32838.6	33360.79 (5/4)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2494.74	2483.01	2467.52	2469.15	2494.74 (5/4)	2366.91 (6/1)
NETHERLANDS CBS Tll.Rtn.Gen.(End 1983)	231.0	230.2	230.7	229.3	231.0 (5/4)	208.3 (3/1)
CBS All Shr (End 1983)	184.7	184.2	184.5	183.4	184.7 (5/4)	166.7 (1/3)
NORWAY Oslo SE (2/1/83)	610.78	612.09	615.51	608.06	615.51 (3/4)	467.17 (2/1)
SINGAPORE Straits Times Ind. (30/12/66)	1191.26	1193.25	1187.27	1189.78	1194.63 (29/3)	1030.69 (4/1)
SOUTH AFRICA JSE Gold (28/9/78)	1582.0‡	1613.0	1596.0	1586.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2492.0‡	2477.0	2465.0	2460.0	2492.0 (5/4)	1961.0 (3/1)
SPAIN Madrid SE (30/12/85)	291.61	291.25	287.63	282.75	291.61 (5/4)	268.61 (1/3)
SWEDEN Jacobson & P. (31/12/56)	3907.0	3892.0	3890.9	3870.6	3907.0 (5/4)	3333.9 (3/1)
SWITZERLAND Swiss Bank Ind. (31/12/58)	661.2	659.2	659.8	658.4	661.2 (5/4)	613.1 (3/1)
WORLD M.S. Capital Intl. (1/1/70)	(u)	510.4	505.8	503.4	519.0 (17/2)	491.2 (28/3)

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Wednesday 5 April 1989

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	136.0m	895	unch
[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Metal	41.7m	876	+11
[illegible]	[illegible]	[illegible]	[illegible]

3pm prices April 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		— A—A—A —								
29	21¾	AAR	.44	1.6	18	128	28	27⅝	27⅞	+ ⅛
10⅛	8⅞	ACM n	1.01	12.		149	8⅞	8¾	8¾	
11⅞	10¼	ACMIn	1.26a	12.		305	10⅞	10½	10⅝	
10⅛	8½	ACM M	n1.01	11.		150	9	8⅞	9	
11¾	10⅛	ACM Se	1.26	12.		509	10⅝	10½	10½	− ⅛
10⅛	8⅜	ACMSp	n.93e	11.		662	8⅝	8½	8½	
6⅛	3⅛	AM Intl				8858	6⅛	5⅞	6⅛	+ ⅛
23⅛	18⅛	AM Int pf	2	8.6		286	u23½	22¾	23⅛	+ ⅞
62¼	39	AMR			8	3436	60⅞	59⅛	59⅞	+ ¾
9½	4⅛	ARX				67	4⅞	4¾	4⅞	+ ⅛
47	35¼	ASA	3e	7.2		270	42	41¾	41¾	
20¼	14⅞	AVX	.24	1.4	6	67	17½	17¼	17¼	− ⅛
55	42⅞	AbtLab	1.40	2.6	16	1523	54⅛	53½	54	
19	15⅛	Abitibi g	1			21	16½	16⅜	16½	
13⅞	7½	AcmeC	.40	4.1		86	10⅛	9¾	9¾	− ½
7⅞	5⅞	AcmeE	.32	4.4	26	15	7¼	7¼	7¼	
30¾	20¼	Acuson			25	390	29	28⅝	29	+ ½
16⅞	14¼	AdaEx	1.82e	13.		207	14⅝	14½	14½	
16⅞	7½	AMD			10	1439	8⅝	8⅜	8⅝	+ ⅛
8¾	6½	Adobe				60	7½	7⅜	7⅜	− ⅛
21¼	20	Adob pf	2.40	12.		1	20⅜	20¼	20⅜	
9¾	5⅞	Advest	.12	1.7	16	51	7⅛	7	7⅛	+ ⅛
52½	39½	AetnLf	2.76	5.4	9	1748	51⅜	50⅞	51⅛	+ ⅛
44½	24	AffPb s	.22	.5		897	42	41¾	42	− ⅛
18¾	13¾	Ahmans	.88	4.9	9	2706	18	17½	17⅞	+ ⅜
4⅛	2⅞	Aileen			20	236	3⅛	3⅝	3⅝	
53⅞	37¼	AirPrd	1.20	2.8	11	1354	43½	43⅛	43⅜	+ ⅛
28½	15½	AirbFrt	.60	2.3	26	77	26	25½	26	+ ¼
18	11⅞	Airgas			11	48	17½	17¼	17⅜	
20½	17¼	Airlease	2.40	13.	9	16	18⅞	18¾	18⅞	
26½	22½	AlaP	pf2.09e	9.0		1520	23⅝	23⅛	23¼	
9⅞	6½	AlaP	dpf.87	10.		10	8¾	8⅛	8¾	− ⅛
107½	102	AlaP pf	11	11.		z20	103½	103½	103½	− ½

Continued on Page 39

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]										
44⅞	29⅞	XTRA	.72	1.9	13	9	37⅞	37	37⅞	
38	25	XTRA pf1.94		6.7		2	28¾	28¾	28¾	
3⅞	2	Zapata				127	2⅜	2¼	2⅜	−⅛
27⅛	18⅞	Zayre	.40	1.6	17	2498	25⅞	25¼	25¼	
30	16½	ZenithE			88	2782	18	17½	17⅝	−¾
10⅜	8⅞	Zenlnc	.89e	7.3		82	9⅝	9½	9½	
2⅜	1	vjZenLb				268	1⅞	1¾	1⅞	
21⅝	15	ZenNtl	.80b	4.3	9	58	18⅝	18¼	18½	+⅛
19⅞	13	Zero	.44	2.4	15	44	18⅝	18⅜	18⅝	+⅜
29⅝	19	Zurnin	.68	2.3	16	34	29	28¾	29	+⅛
11¼	9¾	Zweig	1.07e	9.8		235	10⅞	10¾	10⅞	
10⅛	8⅞	ZweigT	n.24e	2.7		554	9	8⅞	8⅞	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices April 5

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
PitDsm	.55e	8	30	28⅝	28	28⅝	
Pittway	1.80	13	2	103½	103½	103½	
PlyGem	.12	10	128	13⅝	13½	13⅝	
Presd B		113	2	4½	4½	4½	−⅛
PrcaCm	.05e	1	16	7	7	7	+⅛
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 3pm prices April 5

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						
YelowF	.70	12 764	27⅞	27½	27⅞	+⅛
ZionUt	1.44	14	24¼	23¾	23½	−½
Zycad		181	3¾	3⅝	3⅝	−⅛

AMERICA

Wait for economic figures leaves Dow in doldrums

Wall Street

WITH THE dollar steady in a narrow range and no fresh economic news until tomorrow's key unemployment release for March, equities yesterday morning traded virtually unchanged, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average stood 1.29 higher at 2,299.49 on fairly active trading of 113m shares.

The index scored modest gains in early trading but then pulled back.

The announcement by Tandem Computers on Tuesday that its profits would be lower than analysts expected prompted selling of technology issues and heightened concerns about the outlook for corporate profits now that there appears to be evidence of an economic slow-down.

The recent easing of interest rates as the bond market has rallied, taking the yield on the Treasury's benchmark long bond down to nearly 9 per cent, the lowest level in two months, is being balanced by these concerns.

The bond market pulled back modestly yesterday in a reaction to its latest gains and proved something of a drag on equities.

Technology stocks actually fared better after Tuesday's losses while auto issues continued to weaken as analysts lowered their investment ratings on car manufacturers in view of weak sales figures.

Tomorrow's unemployment release is the next large hurdle for the market. Forecasts suggest a rise in the non-farm payroll of around 215,000 compared with the rise of 289,000 in February and a rise in the unemployment rate to 5.2 per cent or even 5.3 per cent from 5.1 per cent in February.

Any such evidence of a deceleration in the rate at which jobs are being created should be taken as a positive in both stock and bond markets hoping for the US Federal Reserve to ease up on its restrictive monetary stance.

However, perhaps more crucial for interest rates will be the releases of producer and consumer prices figures for March expected on April 14 and 18.

Over the next few weeks, it is conceivable that the stock market will be held in a tight range as investors pessimistic about corporate profits slowing down fight it out with those who are optimistic because of a glimmer of hope that interest rates will start to come down.

In the technology sector, Hewlett-Packard jumped $1⅛ to $52⅞ after it said its business remained strong across the board. International Business Machines added $¼ to $107⅞ and Tandem rebounded $⅝ to $15¼ while Compaq retreated $⅛ to $69⅞.

Among auto issues, Ford dropped $1 to $47⅞, Chrysler dipped $⅛ to $24 and General Motors slipped $⅝ to $40⅛.

NWA, the holding company for Northwest Airlines, jumped $3 to $86¾ after Mr Martin Davis, the investor, said that he did not intend to break up the company or sell assets under his proposed $90 a share offer.

ITT added $1⅞ to $54⅞ on speculation, which began apparently in Europe, that the company may be a candidate for restructuring or takeover.

In over-the-counter trading, Quantum leapt $1¾ to $17⅞ after the company said that net income in its March quarter would be more than 60 cents a share, significantly higher than it had been expecting.

Among blue chip issues, Procter & Gamble was unchanged at $91⅞, American Telephone & Telegraph was down $¼ at $31, F.W. Woolworth slipped $¼ to $49⅞ and Merck was down $¼ at $65½.

Canada

IN THE absence of any trends Toronto stocks fell away in quiet trading while bond prices also drifted lower.

The composite index rose 0.30 to 3,552.88 in volume of 7.8m as declines led advances by 234 to 199.

Chile poised for a pension fund avalanche

Barbara Durr in Santiago on the bourse's reaction to plans to ease investment rules

CHILE'S small but vibrant stock market is making a stunning ascent. This year, in spite of a brief setback due to the economic impact of the fruit exporting difficulties, the most actively traded shares have risen about 30 per cent and the general index 25 per cent.

The most recent upward push, which follows a steady rise since 1985, stems largely from expectations of an avalanche of capital sweeping into shares later this year from the country's huge, privately administered pension funds. Known as Administrators of Pension Funds (AFPs), they hold some $3.7bn and are the largest single group in Chile's capital market.

The Government is due to loosen the AFP investing regulations to allow greater shareholdings.

Currently, the AFPs have only 8 per cent of their capital in shares. The rest is held in fixed rate instruments, which form the bulk of the Chilean financial market.

The regulatory changes are moving through the military Government's legislative process and should be approved in May.

As proposed, they will allow the pension funds to raise the proportion of shares they own in a restricted group of companies from 5 per cent to 7 per cent of the company's capital and be able to buy 1 per cent of any other company's shares, as long as they are actively traded.

Until now, AFPs had been barred from investing in companies that are 50 per cent or more controlled by one owner. Most companies in Chile fall into that category and only some 203 are publicly traded at all. Of these, just 45 or so companies are actively traded.

The change could bring as much as $400m to $530m into the stock market, according to estimates by two of Chile's prominent financial experts, Mr Guillermo Villaseca of Tanner & Continental Illinois, one of Santiago's largest stock brokerages, and Mr Mario Lobo, a former Rothschild man who has just launched his own boutique investment bank, CEL.

This amount of money looking for investment will sharply increase Chilean share trading, which last year registered just $643m compared with a total of $19.3bn worth of transactions of all kinds at the Santiago stock exchange. Nevertheless, that share turnover has already risen sharply from $58.8m in 1985.

Mr Ernesto Illanes, of Inverchile, one of Santiago's top financial services companies, believes the dramatic rise in share prices will push price earnings ratios up from their current level of between four and five to between six and seven by December.

This pension fund-related boom is the latest in a market that has been bullish since 1985. As the economy recuperated from its 1982-83 slump, the Government's last privatisation campaign and hefty corporate profits have led to more and more share buying in the past five years. More relaxed taxation rules and a 1981 law that forced companies to distribute at least 30 per cent of their income as dividend also laid the groundwork. Annual dividend payments jumped from $197m in 1985 to $765m in 1988.

Privatisations have increased the amount of stock on offer and multiplied the number of shareholders. Since 1985, 200,000 people have joined the ranks, many of them workers whose share participation was part of a privatisation scheme.

Debt for equity swaps have also boosted market activity and foreign shareholding.

According to the Superintendent of Securities and Insurance, from 1985 until March 1988, the latest period for which figures are available, $550m from foreign investors has gone into shares, or about a quarter of all foreign investment in that period.

Prospects appear so rosy that a new, completely electronic stock market – the first all-electronic market in Latin America – will be launched in the second quarter, modelled on the US Nasdaq market.

The new market, created by those securities dealers who were excluded from trading directly in the traditional Santiago stock market, is expected to absorb a healthy portion of the pension fund shareholding wave.

An undercurrent of caution tugs at the optimism of financial analysts. The uncertainties in Chile's political transition back to democracy over the next 12 months could bring trouble.

"The upcoming political and economic risks are moderate, and the promising state of the economy is favourable for share trading," said Tanner & Continental Illinois in a recent investor bulletin. But it advised keeping a broad portfolio and a very close watch on the market.

ASIA PACIFIC

Nikkei fluctuates as rally loses momentum

Tokyo

INITIAL strong buying by individual investors and foreigners, encouraged by stability on the foreign exchanges, pushed the Nikkei average to its sixth consecutive record, *agencies report from Tokyo.*

But a lack of institutional support caused gains to peter out and the broader market ended mixed.

The Nikkei fluctuated during the day, opening higher, weakening and then picking up again to close higher for the seventh day running at 33,360.79, a rise of 48.54. The day's high was 33,412.96 and the low was 33,239.58.

The string of seven straight rises has pushed the Nikkei up by a total of 1,848.39 points, or 5.87 per cent.

Turnover reached 1.81bn shares, down slightly from Tuesday's 1.83bn, and declines just outnumbered advances by 457 to 431, with 167 stocks unchanged.

The Topix index gained 11.73 to a record 2,494.74, and in later London trading the ISE/Nikkei 50 index rose 0.03 to 1,999.83.

The big capitalisation issues such as steel and shipbuilding stocks attracted buying attention in initial trade, although some saw their gains reversed later.

Nippon Steel was the most actively traded stock, ending unchanged at the day's low of Y965 on 136m shares. Kobe Steel followed with 102.6m shares traded, adding Y15 to Y940 after reaching a high of Y960.

Kawasaki Heavy Industries came third with 68.6m shares, ending steady at Y1,080. The 10 most active stocks, mostly steel and shipbuilding issues, accounted for 31.9 per cent of total volume on the Tokyo Stock Exchange.

Later in the day, interest switched to chemicals such as Showa Denko, which gained Y70 to Y1,200 after 34.8m shares changed hands. Financials also attracted some late buying, while construction and pharmaceutical stocks were in the doldrums.

Brokers said the market could be in for a slight correction from a technical point of view. Charts are also signalling a pause. When the Nikkei 25-day moving average index is around the 4 per cent level, this usually means it is time for a slight correction. It finished at 3.92 per cent on Tuesday and 3.89 per cent yesterday.

Institutional investors have stayed sidelined through most of the seven-day rally, although some have been buying this week to mark the April 1 start of the fiscal year, and this was also the case yesterday.

"Institutions are content to sit back and watch and not pile in at this stage," said Mr Julian Mayo, Tokyo investment representative of Thornton Management Asia. "They are waiting for the market to come down a bit before they buy." He added that a pullback of some two to three per cent could speed up buying by institutions.

There was still lingering concern over possible increases in worldwide inflation and interest rates. The US employment figures for March, due out tomorrow, will be watched for an indication of whether the US economy is slowing down.

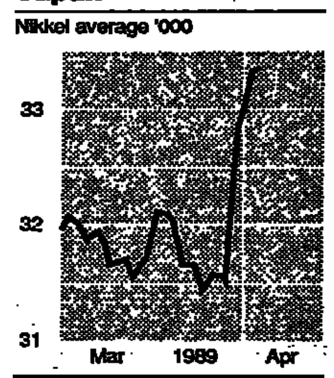
Some analysts said a rise of less than 200,000 in non-farm payrolls, against a 289,000 increase in February, could be such an indication, and that this could boost bond and stock prices in the US, and in turn in Tokyo. The market expects the unemployment rate to be unchanged at 5.1 per cent.

Investors would also like to see a stronger yen bond market, brokers said.

The Osaka market also managed further gains, with the OSE average adding 114 points to 31,919 as turnover rose to 182m shares from Tuesday's 168m. Kawasaki Heavy Industries was the most active stock, rising Y10 to Y984 on 15.4m shares traded.

Japan

Nikkei average '000



Roundup

FURTHER selling of blue chips left Sydney weaker for its sixth consecutive session – although off its lows – while Singapore was affected by the local holiday in Hong Kong, as institutional activity dried up.

AUSTRALIA managed to recoup some lost ground on late bargain-hunting and the All Ordinaries index finished with a reduced loss of 7.1 at 1,426.3.

CSR was firm in spite of reports of widespread damage to its Queensland sugar crop from the cyclone there, and the stock gained 1 cent to A$3.97.

IGL Australia found 4 cents to 30 cents with a special sale of 23m shares traded.

Turnover was modest at 81.2m shares worth A$184.8m.

SINGAPORE was knocked by a lack of buying interest on the part of institutions and by selling by private investors, and ended lower in moderate trading.

The Straits Times index fell 1.99 to 1,191.26 and turnover dropped to 78m shares from Tuesday's 87.4m. Landmarks Holding was the day's most active issue, adding 2 cents to 53½ cents with 4.5m shares traded.

SOUTH AFRICA

GOLD SHARES retreated as enthusiasm sagged in sympathy with the price of bullion which gave up recent gains. Southvaal fell R5 to R153 while Kloof lost R1.25 to R37.

Platinums saw some buying interest while the rest of the market remained mixed in thin turnover before today's Founders Day public holiday.

Impala and Rustenburg both gained 50 cents to R45.25 and R57.75 respectively. Industrials group Messina was a shade off at R23.75.

EUROPE

Good results from BASF add fizz to Frankfurt

AN abundance of corporate news, some of it extremely positive, helped most leading bourses to end higher, *writes Our Markets Staff.*

FRANKFURT gathered pace with turnover remaining fairly active, as the Bundesbank relieved interest rate worries with a generous securities repurchase allocation and market optimism was encouraged by strong corporate results.

Pre-bourse trading was nervous, but by midsession the FAZ index was showing a rise of 2.34 to 563.91 and the DAX index closed 9.01 higher at 1,348.80. Volume was close to Tuesday's at DM3.76bn.

The Bundesbank's allocation of a larger than expected DM37.2bn in its two-tranche repo tender was taken as a further signal that interest rate policy would not change for the time being, provided the dollar stays under control.

If tomorrow's US jobs figures are neutral or positive for the market, then the FAZ index might have another attempt at breaching the 570 level next week, said one German institutional adviser. If that happened, foreigners might begin to put their capital back into Germany after sitting on the sidelines for some weeks.

Chemical group BASF pleased the market with a better than expected 44 per cent rise in 1988 pre-tax profits and gained DM3.30 to DM300.50. The results increased the likelihood that BASF would raise its dividend on April 20 from DM10 to at least DM12, analysts said. Fellow chemical Hoechst, which said it planned to increase its 1988 dividend from the previous year's DM11, rose DM1.10 to DM304.80.

Insurer Allianz gained DM45 to DM1,740 after announcing it had bought 51 per cent of Spanish insurance company Ercos. There were also suggestions it might be supporting the share price in preparation for a capital increase.

PARIS put in a patchy performance. Speculation boosted trading and prices in certain stocks, but initial unhappiness at CGE's offers for subsidiaries Alsthom and Alcatel spurred selling.

The CAC 40 index finished off its lows but still eased 2.68 to 1,663.82, while the OMF 50 index edged up 0.98 to 470.72. Volumes were seen as better than Tuesday's FFr1.6bn.

CGE fell FFr13.50 to FFr417.50 and Alcatel dropped FFr55, or 1.9 per cent, to FFr2,905 on the view that CGE was being mean in its merger terms for its subsidiaries.

The offers meant a premium of 8 per cent for Alsthom and just 2 per cent for Alcatel using last Friday's share prices, according to Mr Bill Coleman, electronics analyst at James Capel. "That is actually low by the standards we've got used to today. Investors feel shortchanged." But Alsthom gained ground in active trading, rising FFr16 to FFr575; it is seen as being the most likely to benefit from any improved offer.

Perrier picked up FFr91 to FFr1,780 and parent company Exor rose FFr70 to FFr1,379 – both increases of 5.4 per cent – on renewed rumours of a possible takeover of Perrier.

AMSTERDAM had a slower day, but ended at its best levels, with the CBS tendency index reaching another year's high of 175.6, a rise of 1.1. Volume was Fl 638m, down from Fl 951m on Tuesday.

Nedlloyd was the second most active stock, rising Fl 3.80 to Fl 348 on further speculation about a possible takeover by Holland America Line. Textile stock Nijverdal saw the day's third most active trading as 190,000 shares, or 5 per cent of its capital, changed hands; it eased Fl 2 to Fl 94.50 after its strong gain on Tuesday on news it was selling its South African assets.

Insurer NatNed gained 20 cents to Fl 63.50 while Amev lost 20 cents to Fl 51.80 after both posted results in line with expectations.

Heineken, which published its annual report, gained Fl 3.20 to Fl 153.20. The planned retirement of chairman "Freddy" Heineken raised speculation that the company might become the subject of a takeover bid.

ZURICH saw further gains in engineering and electrical stock, with the Crédit Suisse index up 2.8 at 566.5.

News that Omni Holdings had boosted its stake in Sulzer to 30 per cent pushed Sulzer shares up SFr175, or 3 per cent, to SFr5,600. Brown Boveri was in demand again, with its bearers climbing SFr135 to SFr3,450 and its participation certificates up SFr22 to SFr552. One salesman said a Swiss bank had a buy note on the stock and London market makers had been caught short and were trying to cover their positions.

MADRID saw its gains held in check by profit-taking with the general index adding just 0.36 to 291.61 in continued strong volumes.

BRUSSELS was mostly firmer as the new fortnightly account began and the cash index rose 32.26 to 5,781.36. Arbed benefited from news of its healthy return to profit and gained BFr40 to BFr5,750.

MILAN came off in reasonable volume, with mixed interest in blue chips. The Comit index eased 1.16 to 606.33.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY APRIL 4 1989					MONDAY APRIL 3 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	133.28	−1.5	115.79	107.53	5.16	135.24	118.93	109.07	157.12	131.93	116.03
Austria (18)	116.35	+2.1	101.08	112.91	2.23	113.91	100.17	111.66	116.35	92.84	92.46
Belgium (63)	132.29	+1.1	114.93	128.05	4.07	130.88	115.09	127.98	136.68	128.52	132.18
Canada (127)	134.13	+0.0	116.53	115.39	3.31	134.17	117.98	115.61	137.27	124.67	122.38
Denmark (38)	171.93	+1.0	149.37	170.12	1.90	170.16	149.63	169.59	180.38	165.35	120.03
Finland (26)	152.66	+0.9	132.63	134.82	1.35	151.28	133.03	134.65	152.66	125.81	127.47
France (130)	118.71	+1.5	103.13	117.50	2.89	116.98	102.87	116.57	119.98	112.57	82.06
West Germany (100)	84.86	+0.5	73.72	82.50	2.30	84.41	74.23	82.59	90.40	81.77	77.76
Hong Kong (49)	126.45	+0.1	109.86	126.39	4.06	126.29	111.05	126.25	133.77	111.80	99.30
Ireland (17)	144.10	+2.1	125.19	142.28	3.58	141.12	124.10	140.28	146.46	125.00	119.61
Italy (98)	82.04	+0.6	71.28	84.01	2.50	81.53	71.69	84.08	86.88	78.16	77.89
Japan (455)	192.35	+1.6	167.12	159.16	0.48	189.32	166.48	158.02	200.11	180.30	170.35
Malaysia (36)	164.82	+1.0	143.20	174.44	2.70	163.18	143.50	172.67	164.82	143.35	118.60
Mexico (13)	167.37	+0.3	145.41	438.83	1.17	166.89	146.75	437.92	167.37	153.32	139.78
Netherland (42)	118.18	+0.5	102.68	113.71	4.49	117.62	103.43	113.97	118.18	110.63	107.25
New Zealand (24)	69.35	+0.8	60.25	59.71	6.60	68.83	60.52	59.45	76.02	67.60	76.33
Norway (26)	178.53	+0.1	155.11	164.54	1.52	178.34	156.82	165.75	178.53	139.92	123.43
Singapore (26)	146.02	+1.3	126.87	131.19	2.08	144.11	126.72	130.20	147.64	124.57	108.60
South Africa (60)	140.73	+0.5	122.26	127.90	3.95	140.04	123.15	126.76	142.88	115.35	132.13
Spain (42)	152.61	+2.3	132.59	133.88	3.61	149.20	131.20	132.41	152.61	143.14	151.04
Sweden (35)	162.00	+1.5	140.74	152.70	2.25	159.62	140.37	151.53	162.00	138.45	118.10
Switzerland (57)	76.01	+1.0	66.04	76.88	2.39	75.24	66.16	76.87	79.76	74.05	81.07
United Kingdom (316)	148.05	+1.4	128.63	128.63	4.35	146.05	128.43	128.43	153.33	134.53	135.25
USA (564)	120.26	−0.3	104.48	120.26	3.65	120.64	106.09	120.64	121.90	112.13	105.36
Europe (1008)	119.66	+1.2	103.96	110.68	3.55	118.28	104.01	110.46	120.88	114.02	107.25
Nordic (125)	153.40	+1.1	133.28	150.23	1.96	151.68	133.38	149.63	153.40	137.95	111.17
Pacific Basin (679)	187.22	+1.5	162.65	155.51	0.69	184.48	162.22	154.51	194.72	176.37	165.41
Euro–Pacific (1687)	160.20	+1.4	139.18	137.65	1.56	158.00	138.94	136.95	164.22	152.83	142.16
North America (691)	120.99	−0.3	105.12	119.99	3.63	121.35	106.71	120.35	122.71	112.79	106.27
Europe Ex. UK (692)	102.04	+1.0	88.65	99.57	2.89	101.02	88.83	99.33	103.11	98.84	89.87
Pacific Ex. Japan (224)	125.81	−0.5	109.31	109.71	4.58	126.50	111.24	110.36	137.65	124.54	105.95
World Ex. US (1887)	159.10	+1.3	138.23	136.93	1.63	157.00	138.06	136.26	162.77	152.04	141.38
World Ex. UK (2135)	143.72	+0.8	124.87	131.56	2.03	142.61	125.41	131.22	146.04	138.06	126.72
World Ex. So. Af. (2391)	144.12	+0.8	125.21	131.30	2.23	142.92	125.68	130.98	146.65	138.82	127.44
World Ex. Japan (1996)	120.93	+0.2	105.06	116.71	3.64	120.65	106.09	116.85	122.37	114.51	106.89
The World Index (2451)	144.09	+0.8	125.19	131.27	2.25	142.90	125.66	130.95	146.51	138.83	127.47

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

Amendments to indices for April 3 applied to Singapore and the related regional indices.

Latest prices were unavailable for this edition.

طلبنا من الأصل

ACCOUNTANCY COLUMN

West German firms coming out of their shells

By Nessa MacErlean

THE WEST German accountancy profession is coming out of its shell. Still operating from a relatively introspective, national viewpoint, it is now beginning to adapt to wider international change. The transition echoes change underway across the Continent.

The introspection of the German market has meant that some firms still thrive by concentrating on traditional audit services while their foreign counterparts have developed into a wider range of services.

A number of factors have helped to keep the German profession in the dark ages of accountancy till now.

The first is, ironically, the strength of the German economy. Germany has been regarded as the European stronghold which the international accountancy firms have not been able to penetrate.

The power vested in the national German firms through the sheer economic muscle of their audit clients has given the firms a high level of independence from their international associates and allowed them to dictate the terms of their involvement with international firms.

This has resulted in them being slow to adopt the sort of developments seen elsewhere.

And, for the same reasons, the international firms which set up their own offices in Germany – Arthur Andersen, Peat Marwick, Ernst & Whinney and Price Waterhouse – have had to push their less traditional non-audit services to make an impact on the market.

Secondly, tight regulation, for instance in areas such as advertising, has held back development. This in turn has helped to restrict the level of competition between firms.

These forces can produce what may appear to be odd results. Strategic decisions are made on the basis of national considerations rather than international ones – perhaps surprisingly at this stage of the development of Europe's internal market.

Hence, the recent decision of the grande dame of the profession, Treuarbeit, associated with Price Waterhouse, to join forces with Treuhand Vereinigung, the Coopers & Lybrand firm. While the link-up more or less doubles its individual national resources, it more or less halves the combined international opportunities.

The danger signs for the traditional approach are clearly there. The German banks have been entering the consultancy market for small and medium-sized companies. Deutsche Bank acquired consultancy group Roland Berger for this end and Dresdner Bank and Deutsche Treuhand Gesellschaft signed a cooperation agreement in October.

The prohibition on advertising – so severe that it used to be a virtual prohibition on competition – is being chipped away at the edges year after year. Fee-cutting is now much more commonplace.

The watershed for many smaller accountancy firms will be the implementation of the European Community's 7th Directive, requiring consolidated accounts from January 1990. Many medium-sized and even small German companies have foreign subsidiaries and accountancy firms will need reliable and comprehensive international associations.

Dr Gadomski of Treuverkehr said: "The 7th Directive will restrict the number of firms which are available to do work for multinational companies which are based in Germany. Any firm which is complacent in its attitude runs the risk of going under because eventually something will happen. It won't happen in Germany, it will happen outside."

Some of the smaller national firms are merging with the larger ones – moves which are a sacrifice of independence for the sake of survival.

However, the main challenge facing all the national firms is the need and the demand for a diversification of services away from the traditional reliance on audit.

With the exception of Schitag Schwäbische, associated with Arthur Young, the top national firms earn about 75 per cent of their income from audit and related services.

Although the audit market itself does not appear to be growing, the market for related services is. Jürgen Schultzke of Arthur Andersen puts the growth at 25-35 per cent a year.

The international firms (and Schitag) earn only about half of their income from audit and related services and they have a much greater focus on management consultancy, particularly in the field of information technology. Beyond information technology, however, the range of consultancy services is still relatively narrow. Human resources consultancy, for example, is not seen as the domain of the accountancy firms.

Schitag believes it is unusual among the accountancy firms in offering a broad range of consulting services that includes strategic planning, specialist insurance services and legal and actuarial advice.

This could become the model for the rest of the German accountancy profession as it comes out of its shell in the 1990s.

Influence of bank ownership still traceable

SEVERAL German accountancy firms were founded and owned by banks – something that accountants in countries like the UK should bear in mind when considering who should be able to own shares in auditing firms, writes Nessa MacErlean.

Ownership by banks was especially common among firms which were created before 1931, when the audit requirement was first introduced. Since then there has been a gradual divestment by the banks, although in most cases close links have remained.

Treuhand Vereinigung, for example, was founded by the Dresdner Bank and owned by it until 1936 when the senior management bought out the bank. Nevertheless, the links are still strong.

The influence of former bank ownership is still traceable among many accountancy firms, although the firms argue that it is not significant.

Deutsche Waren Treuhand (of BDO Binder) earns less than 1 per cent of its turnover from trustee work – a hangover from the pre-1945 days when it was minority-owned by a bank.

Senior partner Hans Heinrich Otte said: "So far as services provided are concerned, bank ownership makes no difference at all to the accountancy firms. But even when these connections between banks and accountancy firms have finished, they remain on friendly terms."

In a parallel situation, Treuarbeit, majority-owned by the federal and local governments until the end of last year, has a high profile within the public sector. One disadvantage to the firm of reducing the Government's shareholding is that Treuarbeit will no longer be the obvious choice for public work.

The European Community's 8th Directive, limiting external shareholdings to 49 per cent, was not popular with the German accountancy profession when it was implemented in January 1988.

Since the banks and other external shareholders had not interfered in the day-to-day running of the firms or with confidentiality or standards, the profession did not see ownership as compromising independence.

ACCOUNTANCY APPOINTMENTS

Chief Accountant

City

to £40,000+ banking benefits

Our client is a leading international bank with a substantial presence in London. Activities centre around wholesale banking operations including capital markets trading, corporate finance and foreign exchange services.

As Chief Accountant, you will have a demanding role within a changing environment. This is a key position at management level. You will have full direct responsibility for all reporting and compliance matters, control the accounting function and ensure the technical accuracy of all reports. This is a highly-autonomous role with excellent scope for further development.

You will be a Chartered Accountant, aged 35 or over with an international banking background, probably gained with a foreign institution. You must have good tax, foreign exchange and capital markets experience. Personal qualities must include good communication skills, initiative and energy. Sufficient flexibility exists to reward the outstanding candidate.

Please send full personal and career details in confidence to Christopher Evans, quoting reference *5231/FT* on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

APPOINTMENTS ADVERTISING

Appears every Wednesday and Thursday

for further information call 01-873 3000

Deirdre McCarthy ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Candida Raymond ext 3351

Patrick Sherriff ext 4627

Financial Controller

The Challenge of Change

c£28,000 + Car + Benefits — **South London**

Our Client is on the verge of major change. The Company is embarking on a substantial investment programme which will include relocation to modern premises and the implementation of new computer systems. A subsidiary of a major plc, this high precision engineering operation is a leader in its field. It has a current turnover of £12 million and positive plans for growth.

This challenge will demand the commitment of an ambitious Financial Controller to take responsibility for the total accounting and data processing functions.

Working closely with the Managing Director, you will need to be an adaptable and commercial-thinking professional who is determined to succeed and who will be expected to contribute to all areas of the business. Looking to the future, success offers early promotion to a directorship.

As a qualified Accountant, ACMA or ACCA, a background in manufacturing is essential. Your past experience will have included controlling the introduction of new systems and the management of an accounting team.

If managing change excites you, please send full career and salary details to Jennifer Baker at the address below.

LINK 13/14 Hanover Street, London W1R 9HG. Tel: 01 493 5788.
Link International Search & Selection Ltd.

THE FINANCIAL TIMES

Proposes to publsh the Recruitment and Personnel Services Survey

on

Thursday 8th of June.

For further details contact

Patrick Williams on 01-873 3351

Young High Flyer for International FMCG Business

DIVISIONAL FINANCE DIRECTOR

Age — Early/Mid 30s — **c. £40-45,000 + Up to 50% Bonus + Car**

Our client is a key constituent division of a 'market leader' fully international fmcg business, itself a significant part of a major diverse British plc.

A self-motivated, commercially-minded, young high achiever is sought as Finance Director for this division based at its headquarters in Central London. Reporting to the Divisional Chief Executive, and supported by a very small central team, your principal responsibilities will include:

- Formulating and presenting business plans and budgets for the division in conjunction with the Divisional Chief Executive.
- Contributing to the management of the business through the development of sound management information, financial analysis and controls.
- Exercising effective financial control over centrally co-ordinated marketing and administrative expenditure.
- Ad hoc project appraisal and evaluation of business 'deals'.
- Timely provision of relevant consolidated management information particularly with regard to regional sales and profitability.

The role, which will involve periodic travel (mainly to Europe and North America), is seen as developmental, giving highly visible across-the-board exposure to the business. This will act as a career spring board to a more senior financial or commercial appointment within this business sector or the wider Group.

As a team player with a 'shirtsleeves' approach, you will be a graduate, qualified accountant (most likely ACA) with an agile mind, capable of being innovative, pro-active and an agent of change. You will ideally have previous exposure to international operations, probably in a controllership or financial planning capacity, preferably gained in a 'fmcg' industry. In addition, you will possess a strong but tactful personality capable of building good working relationships with other disciplines and across international boundaries.

You should write, enclosing a recent CV and current salary information, to Harry Chryssaphes, Director, at FMS, 14 Cork Street, London W1X 1PE. Tel: 01-491 3431.

F M S
Search and Selection Specialists for Financial Management

Finance Director

c.£30,000+bonus+car
Warwickshire

A Finance Director with a successful background of financial management in the engineering industry is required by this £20 million company to be an effective right hand to the managing director.

The company is profitable, well invested in capital equipment and computers, and is part of a successful and expanding group. Acquisitions are an important element of the business strategy.

The role of the Finance Director will be to increase profits by improving financial management, and identifying product and site rationalisations which will lead to improved productivity. There is a substantial bonus opportunity related to profit performance. This position will appeal greatly to an individual with strong commercial instincts who is good at getting things done.

Applicants should be qualified accountants, have experience in a manufacturing environment using advanced computer systems, and be able to handle a profit improvement programme with confidence.

Age guideline 30–40. Relocation assistance is available where necessary.

Please reply in confidence, quoting ref L.399 to:

Brian H Mason,
Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 01-240 7805

Mason & Nurse Selection & Search

CAREERS FAIRS

EAST MIDLANDS ★ NORTH WEST

Haven't you always wanted to talk directly to high profile employers in an unpressurised informal environment and yet without obligation?

Whether considering your next career move or simply keeping in touch with the market place, this is a unique opportunity for all part-qualified and qualified accountants, aged under 35, to do *just that*.

Apply for your free invitation from your nearest Accountancy Personnel Office.

NO PRESSURE★NO OBLIGATION★NO FORMS

Admission is FREE with your invitation.

VIDEO PRESENTATIONS★BUFFET REFRESHMENTS

EAST MIDLANDS

BRITISH SHOE CORPORATION LIMITED BSC · Boots · RAINE INDUSTRIES · KPMG Peat Marwick McLintock · Bass · ALLIANCE + LEICESTER

13th April, 5pm-8.30pm

DONINGTON THISTLE HOTEL EAST MIDLANDS AIRPORT

- NOTTINGHAM 0602 484850
- DERBY 0332 290890
- LEICESTER 0533 542693

NORTH WEST

Price Waterhouse · Royal Insurance · National & Provincial Building Society · Foden Trucks · Financial Training Courses · Guardian Royal Exchange

5pm to 8.30pm at either

Monday 17th April
Trophy Room
Liverpool FC
Anfield, Liverpool
(Free Parking)

OR

Wednesday 19th April
The Midland Holiday Inn
Crown Plaza
Peter Street, Manchester
(Parking Available)

Altrincham	Bolton	Chester	Liverpool	Manchester	Preston
061 926 8605	0204 27773	0244 350125	051 236 3530	061 834 9733	0772 555587

WHITBREAD

INVESTIGATIVE ROLE–OPERATIONAL AUDIT

LUTON — **£18-24,000+Car**

A major force in the U.K. retail and leisure industries, Whitbread is continuously trading under Beefeater Restaurants, Pizza Hut and Country Club Hotels.

The Operational Audit Department recruits and develops accountants for all parts of the group. By reviewing business operations and management information systems, it advises on opportunities for increasing profitability.

Following recent internal promotions, there are opportunities for recently qualified accountants to join the team. Commitment will be rewarded with a challenging position, possibilities for overseas travel and proven promotion prospects.

For further information contact:
Accountancy Personnel
Connaught House,
Ground Floor,
15/17 Upper George St.
Luton,
Beds LU1 2RD
Tel: 0582 402099

Accountancy Personnel
Placing Accountants First
Hays
A HAYS PERSONNEL SERVICES LIMITED COMPANY

SCOTTISH HEALTH SERVICE COMMON SERVICES AGENCY

DIRECTOR OF FINANCE

Salary: £32,680

Performance Related Pay Scheme in Operation
Attractive Car Leasing Scheme Available

This is a key appointment in the Common Services Agency which has a wide range of active operational divisions providing essential services within the Scottish Health Service. The 16 divisions include the Scottish National Blood Transfusion Service and the Scottish Ambulance Service.

The Agency has a revenue budget of over £80m and a Capital Allocation of £14m. A new Financial Management Information System is being introduced throughout the Divisions of the Agency using the McCormick and Dodge system; it is planned to have this operational in the Autumn of 1989. Delegation of budgets to appropriate management levels within all divisions will be underway in the incoming financial year.

The Agency is looking for a qualified accountant from the public or private sector with considerable experience at senior level for this important post.

The successful candidate will have management, as well as financial skills, should be enthusiastic and fully committed to providing effective financial management services and advice at a challenging and demanding time in the Health Service.

Informal enquiries may be made to J T Donald, General Manager of the CSA at 031-552 6255.

An application form, job description and further information may be obtained from the Personnel Services Section of the Common Services Agency, Trinity Park House, South Trinity Road, Edinburgh EH5 3SE. (Tel 031-552 6255 Ext 2030) quoting reference number N233.

Closing date for completed applications is 26 April.

Innovation, Technology and Growth

FINANCE MANAGER

c.£25,000 + Car Berks

As a pioneering force in the software market, this US company has emerged as an acknowledged world leader. Through proactive marketing on a worldwide basis, the company has proved its ability to deliver high quality products that are at the forefront of technology.

As a result of the expansion, an excellent opportunity has arisen for a highly motivated individual to join the UK Head Office. Reporting to the Financial Controller, responsibilities will include day to day managment of a small finance department, involving the production of meaningful management information, and frontline liaison with operational managers.

Candidates for this key role should be young, qualified Accountants with strong financial and management accounting experience.

Please apply directly to Margaret Hendry at Robert Half, Freepost, Mountbatten House, Victoria Street, Windsor, Berks. SL4 1YY. Telephone: 0753 857181, evenings 0753 860673. Fax: 0753 860696.

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester

ROBERT HALF WINDSOR

Company Secretary

(Communications Industry)

Herts — **c £35,000 plus car**

A major independent T.V. production company and facilities house, who produce and distribute for the domestic and overseas markets, now seeks to recruit an experienced Company Secretary.

The successful candidate will be responsible for a wide range of Company Secretarial, finance and administrative functions, including the computerised accounts department and all support services for programme productions.

Applications are invited from qualified accountants, aged around 40 who can demonstrate excellent communication skills and sound technical knowledge preferably gained in a service company environment.

The attractive remuneration package includes an executive car, contributory pension scheme and free restaurant. The offices are located in pleasant rural surroundings and the company enjoys an open style of management.

Interested candidates should send a comprehensive curriculum vitae enclosing details of current remuneration, and a daytime telephone number to:

HODGSON IMPEY

Andrew G Sales (Ref 017)
Director
HODGSON IMPEY
SEARCH & SELECTION LIMITED
50 Pall Mall LONDON SW1Y 5JQ

هكذا من الأصل

Financial Director

FINANCIAL SERVICES SECTOR
HOME COUNTIES, CIRCA £40,000 + SHARE OPTIONS

An established, expanding and independently managed lease finance subsidiary of a major financial services group now seeks a highly commercial financial manager to complete a recent restructuring of the core management team.

Reporting to the Managing Director and with total responsibility for the finance function you will be expected to reorganise financial, administrative and computer systems and procedures to handle the next phase of the company's development. With a close involvement in the management of the business, other key facets of the job include planning, budgeting and product costing/profitability.

A qualified accountant with at least 5 years post qualification experience, you must have in-depth knowledge of lease financing or instalment credit and broad based experience covering financial and management accounting, taxation and treasury. Accustomed to managing staff you will also have experience of developing and implementing computerised systems.

Please send résumés, including details of present remuneration and giving a daytime telephone number to Torrance Smith, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ, quoting Reference TS538.

Executive Resourcing | Coopers & Lybrand

APPOINTMENTS ADVERTISING
Appears every Wednesday and Thursday
for further information call 01-873 3000

Deirdre McCarthy ext 4177
Paul Maraviglia ext 4676
Elizabeth Rowan ext 3456
Patrick Williams ext 3694
Candida Raymond ext 3351
Patrick Sherriff ext 4627

Our client is the international leader (to US$75m) within its specialised sector of the oil and gas construction industry and is part of a diverse international group. Due to recent growth (achieved both internally and by acquisition) it now seeks to recruit for the following positions.

FINANCE AND ADMINISTRATION MANAGER

Emirates Single/Married Status
c.US$70,000-80,000 package + benefits + car

A skilled accountant is sought to join a small and highly motivated management team to oversee Middle Eastern Operations.

The ideal candidate will be qualified with sound commercial accounting experience, preferably gained within a contracting environment, and be computer literate. Personal qualities must include excellent interpersonal skills to liaise effectively with both the operating regional team and corporate senior management.

The position is one of three senior "controllerships" within the company. It reports directly to the Regional Operational V.P. and functionally to the Group Finance Director. Responsibilities will include statutory and management accounting, worldwide tax issues, project financing as well as personnel and administration matters for the region.

INTERNATIONAL FINANCE MANAGER

Thames Valley c.£27,000 package + car

An exceptional opportunity exists for a young, ambitious and highly motivated accountant to join a modern international H.Q.

The International Finance Manager, working closely with the Group Finance Director, would be responsible for all the financial, cash management, and information matters, including the development and maintenance of effective financial reporting systems throughout the Group. There will be an opportunity for international travel.

Candidates should be computer literate and have sound commercial experience with exposure to the consolidation of international reporting packages for both management and statutory purposes. Personal qualities should include decisiveness, resilience, adaptability and the shirt sleeves attitude needed in a small ambitious group.

Our client will have sight of all applications and candidates should, therefore, indicate any organisations which they do not wish to consider.

If you are interested in either of these positions, please send your c.v. to James Forte, together with day-time and home telephone numbers and present salary package, quoting ref. B4529.

KPMG Peat Marwick McLintock
Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

ADMINISTRATION DIRECTOR

Towards General Management

South Midlands
c.£37,500 + car

THIS Is a rare opportunity for an experienced, qualified accountant to take a positive step towards managing the autonomous UK operations of a major multi-national European corporation. With sales increasing rapidly from its current £25m annually, the company is committed to dramatic growth and expansion from its distribution and manufacturing activities supplying both consumer and industrial markets.

Reporting to the Chairman, the job initially includes responsibility for Finance, Data Processing, Systems, Personnel, Warehousing and Site Services.

If you have the ambition and drive, and you see yourself leading a vigorous successful management team, then you must be a qualified accountant with at least 10 years broadly based financial management experience ideally gained in companies with multi-national operations. Computer literacy is also essential, as are all the relevant personal qualities necessary to instil direction, motivation and above all a commitment to success.

The salary package will not be an obstacle to recruiting only the very best candidate available, and along with an attractive range of benefits, assistance with relocation costs will be provided where appropriate.

Please write or telephone for an application form or send a detailed CV to: Philip Guy, Ref: PBM/3197/PG, PA Consulting Group, 6 Highfield Road, Edgbaston, Birmingham B15 3DL. Tel: 021-454 5791.

PA Consulting Group
HUMAN RESOURCES
Creating Business Advantage
Executive Recruitment · Human Resource Consultancy · Advertising and Communications

---

GROUP TREASURY ACCOUNTANT

West London

Beecham Group plc is a leading pharmaceutical and consumer products company with a turnover of £2.5bn, profits of over £400m and operations in over 30 countries worldwide.

An exciting opportunity now exists for a qualified accountant to play a major role in the continuing development of the sophisticated and expanding Group Treasury Department. Reporting to the Director of Treasury you will be responsible for a wide range of accounting, budgeting, reporting and management activities, including specialist group finance companies in the U.K. and overseas.

You need to be a self-starter with good planning skills, who can demonstrate relevant experience including the preparation of management and statutory accounts, ideally gained within a banking or sizeable corporate treasury environment. Thriving in a team atmosphere you will be expected to set high standards and 'add value' to this position.

The competitive salary package is dependent on experience and qualifications. Performance will be rewarded and there are excellent career prospects.

Please write enclosing a comprehensive c.v., stating current salary and daytime telephone number to: Ms T McKay, Group Personnel Manager, Beecham Group plc, Beecham House, Great West Road, Brentford, Middlesex TW8 9BD.

Beecham Group
Beecham

BUSINESS AND FINANCE MANAGER

c£27,000 + car + relocation package **North West**

Our clients, are multi international and recognised as world leaders in the manufacture and design of a diverse range of products.

They continue to seek technological leadership in those markets and operate a philosophy of expansion and customer service to achieve further success.

Reporting to the General Manager, they now seek as Senior Site Accountant, an experienced financial professional capable of providing sound financial management to management and user departments, to ensure the on-going profitability and development of business activities.

Duties will include formulation of budgets and business plans; forecasts; monthly and annual accounts; payroll; capital expenditure analysis; accounts receivable and payable.

Candidates aged around 30, should be professionally qualified, ideally graduates, and possess a minimum of five years similar experience in a multi national manufacturing environment. The role calls for a competent and dedicated man-manager who will not only continually advise on the financial implications of ever changing technological evolution affecting the business, but will, more importantly, effectively contribute to the day to day running of the business.

An attractive salary package of up to £25,000 plus c£2,000 bonus will be offered, and negotiable as indicated, along with an excellent benefits package including company car, BUPA, pension scheme and assistance with removal and relocation expenses where applicable.

Please write or telephone for a personal history form quoting reference number 1787 to:- E. M. Shill, MECI, John Phillips Selection Limited, Norfolk House, Smallbrook Queensway, Birmingham, B5 4LT. Tel: 021-643 9648.

JOHN PHILLIPS SELECTION

Finance Director

(Antiques business)

Hereford **c £30,000 plus car**

Our client has established its position in the small group of internationally known suppliers of highest quality and value antiques, in less than 20 years.

The Company is expanding and planning a number of joint ventures and acquisitions over the next two to three years, and has now identified the need for a qualified Accountant to take over financial management and planning, and participate actively in the management of the business.

Candidates must have experience in the financial control of a profit centre with a turnover of about £5m, financial computerisation and small-scale treasury operations including FX. There would be some advantage in a knowledge of the financial aspects of property management, personal and corporate taxation and U.S. reporting standards. Candidates must be able to demonstrate that they have the personal presentation to form business relations with private clients of a very high net worth and social standing. Age range is 35 to 40 years.

Please forward a full Curriculum Vitae, with salary details and daytime telephone number to:

Terry Fuller (Ref 020)
Director
HODGSON IMPEY
SEARCH & SELECTION LIMITED
50 Pall Mall London SW1Y 5JQ

HODGSON IMPEY

'Improving the value of higher education'

Financial Accountant

up to £25,689 pa inc.

PNL is one of London's leading polytechnics, a centre of academic excellence open to the whole community and attracting students from all parts of the world.

Education is changing. PNL is growing and our academic and research activities are broadening on all fronts. The challenges and opportunities in financial management to contribute to the value of education have never been as great — or as crucial to its development here at PNL.

This, therefore, is an opportunity at the right time for an innovative, commercially aware, computer literate, qualified accountant (ACA, ACCA, ICMA) preferably with 2 or 3 years post-qualification experience. A person capable of taking the lead in developing and managing systems to monitor and control day to day accounting operations and of providing accurate financial information and high quality advice to senior management. An ability to communicate this clearly and effectively to both academic and non-academic colleagues is essential.

Closing date: 21st April 1989. Ref: B127/FT.

Application forms and further details can be obtained from the Personnel Office, The Polytechnic of North London, Holloway Road, London N7 8DB. Tel: 01-609 9913 (24 hour answering service).

We are an Equal Opportunities Employer and seek to recruit from the whole community.

P·N·L
THE POLYTECHNIC OF NORTH LONDON

Qualified Accountant

Financial Control in an International Operation

Central London **£30,000 + car + benefits**

Merrill Lynch offers a comprehensive range of financial services to institutions, corporations, governments and individuals. Due to expansion we are now seeking a fully qualified accountant to head a team at our Central London headquarters.

An excellent opportunity to gain an in-depth understanding of our non-trading operations, the post will report directly to the Manager, Financial Accounting and Control, and be responsible for ensuring that accounting information is effectively processed for cost centres across Europe, and balance sheet accounts are reconciled and reviewed. You will also be concerned with leasing, fixed assets, bank reconciliations, VAT, accruals, prepayments and allocated overheads.

For this high profile position we are looking for at least 3 years' post qualification experience in a large multi-cost centre commercial or financial environment. You should also be computer literate, have strong communication skills, and, ideally, some management experience.

In return we offer an excellent employment package including large company benefits. There are also excellent prospects for promotion to senior management positions.

To apply, please write with full career details to Anne Gormley, Recruitment Manager, Merrill Lynch Europe Ltd, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY.

Merrill Lynch
A tradition of trust.

ACCOUNTANT

A key role in a small, dynamic organisation
£22,000-£25,000 + Car + Benefits
SURREY

We are a fast expanding company with a turnover in excess of £7m. Self Serve Hygiene sell hygiene products throughout the UK.

We now have an excellent career opening for a fully qualified accountant to be responsible for all aspects of financial and management accounting.

Success in this role depends on high technical competency, good interpersonal and communication skills and the ability to gain the respect of Senior Management. You will also need perceptive, analytical skills and the ability to identify and raise key issues to avoid problems.

ACA or ACCA qualified, you should have had broad experience of accounting. Knowledge of spreadsheet systems would be an advantage.

If you are interested please write to or telephone our Human Resources Consultant, Audrey White, Self Serve Hygiene Limited, Central Avenue, East Molesey, Surrey KT8 0HH. Telephone: 01-941 3033.

self serve

MANAGEMENT ACCOUNTANT

E.C. LONDON
£18K - £22K

Our client is privileged to have been involved in some of the most innovative publications of recent years. They have carved out for themselves an enviable reputation as one of the most respected publishers in their field. Annual turnover is approaching £6m.

They are now poised for further expansion but recognise the need for improvement management information. They therefore wish to recruit a skilled Management Accountant to be responsible to the Company Secretary for all accounting and financial aspects of the business.

You will be a Qualified Accountant with several years experience in industry, ideally including some in publishing. Age is not a critical factor, provided you have drive, initiative, self-motivation and can communicate effectively. Good working knowledge of computer-based systems is essential.

An attractive remuneration package is offered and there are excellent prospects for someone who can demonstrate commercial flair and the ability to get things done as an individual and as part of a team.

Please send concise details, including current salary and daytime telephone number, quoting reference TB/CB, to Box A1195, Financial Times, One Southwark Bridge, London SE1 9HL.

DEPUTY HEAD - TAX

City from £35,000+car+benefits

Our client is one of the leading UK financial institutions whose activities span retail and merchant banking, unit trust management, specialist mortgage lending and a range of commercial and overseas activities. The central tax department services the whole Group.

The Deputy Head will report to the Head of Group Taxation and will supervise a small team of qualified staff. The person appointed will have involvement in all aspects of the Group's tax affairs, managing the day to day compliance issues of the Group; and, on the *planning side, there will be the provision of* advice on acquisitions and disposals; liaison with subsidiary company management and with professional advisers; and input into strategic tax policies in the UK and overseas.

A broad range of compliance, planning and international experience is required. Candidates should either be graduate chartered accountants who have moved into tax with a major accountancy firm and are now seeking their first commercial appointment; or they may already be in a tax management role in a major group. Candidates straight from the Revenue will also be considered. The remuneration package, which is negotiable, will include a company car and a package of finance sector benefits.

Please write in confidence with career details, quoting ref 4715 to John Hills.

KPMG Peat Marwick McLintock

Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

FINANCE AND OPERATIONS MANAGER

Japanese Securities House

London £45-50,000 + excellent benefits package

Our client is a 100% securities subsidiary of one of the leading Japanese Banks. The London operation, recently recapitalised and with a 1988 t/o of £30 million, is amongst the key centres of the organisation's international network.

A chartered accountant with three to five years' operational experience, you must be well versed in back office routines, with good motivational and team building skills. One of the initial tasks will be to implement a new computerised securities system. The appointee will be internationally orientated, open to ideas, discussion, constructive criticism and, needless to say, be reliable and trustworthy.

Responsibilities will include:

- Updating and controlling back office strategy
- Management reporting and financial accounting
- Reviewing product profitability and monitoring thereof
- Ensuring compliance with the regulatory framework.

If you are interested in this senior appointment please write, enclosing full CV, including remuneration, day and home telephone numbers, quoting ref D4111, to James Forte.

KPMG Peat Marwick McLintock

Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

A key role in an atmosphere of change

CITY TREASURER

Up to £37,500

Financial Management in Local Government has probably never been such a key issue as in today's climate of change. Central Government influence, the introduction of competitive tendering for works and services and implementation of the new Community Charge legislation are just a few examples.

The priorities will be to provide financial and economic advice to the Council, make a full contribution to the corporate management of the Authority and manage a large financial department of over 300 staff. Bristol itself, also provides its own unique challenges, being the largest non-metropolitan borough (employing in excess of 5,700 staff) and encompassing an unusually wide range of activities including responsibility for the Port of Bristol Authority.

Clearly, the person we are looking for will be a professionally qualified accountant and will already have financial management experience at the highest level, involving large capital expenditure and revenue budgets (probably in excess of £300m p.a.). He or she will be capable of managing a large department, injecting new ideas and developing new systems to meet changing requirements. As a key member of the City Council's management structure the ability to contribute to its future direction is essential.

For further details and an application form telephone (0272) 222710 or write to the Recruitment and Administration Officer, The Council House, College Green, Bristol, BS1 5TR, quoting job reference number CT001/FT.

Applications must be returned by 20th April.

The reward package includes:

- Assisted car purchase scheme for designated car users
- 30 days paid holiday + 8 Bank Holidays per year
- Relocation scheme up to £4,500
- Attractive Pension Scheme
- Subsidised restaurant
- Excellent maternity provision and return to work training schemes
- An option for Job Share working
- Progressive training opportunities

BRISTOL CITY COUNCIL
AN EQUAL OPPORTUNITY EMPLOYER

Group Finance Director

SURREY

PACKAGE c£40,000 + CAR

This is a new role and a key appointment in the continued development of a highly entrepreneurial, market-led services group. Our client has established itself *successfully in a niche market and* turnover for 1989 will be around £16m. Poised for further expansion and diversification, their longer term plans also include flotation.

As Group Finance Director, reporting to the Managing Director, you will assume total responsibility for the full finance and MIS functions and will additionally manage the warehousing and distribution operation. You will be expected to actively participate in the strategic development of the Group, which in the longer term could provide an opportunity to move towards general management.

This unusually demanding appointment calls for an entrepreneurial, qualified accountant who can support and contribute to fast moving initiatives on the one hand yet provide essential controls and information at operating level on the other. Probably in your late twenties or early thirties, you should possess broad based financial skills and previous experience of senior line financial management, although this may well be your first Finance Director post. The ability to work closely with a young, exceptionally committed management team is essential.

Write in confidence, with CV, including daytime telephone number and current remuneration details to Ann Shepherd, Ref: AS542, Coopers & Lybrand Executive Resourcing Limited, *Shelley House, 3 Noble Street, London* EC2V 7DQ.

Executive Resourcing
Coopers & Lybrand

Transfer Pricing Specialist

£40,000 + Car

Price Waterhouse has established an international network of transfer pricing *specialists in key countries. The success of our London* transfer pricing unit has stimulated the need for an additional senior tax consultant to join this specialist team.

You should have:

— a professional qualification, or Revenue equivalent

— large client corporate tax experience

— a keen interest in conducting *negotiations and controlling* large *transnational projects*

— a high level of commercial awareness

— an ability to develop analytical and problem solving skills.

You will have regular meetings with clients at the highest levels.

Extensive world-wide travel will be involved.

If you would like to find out more about careers in this expanding unit please write to Terry Symons, enclosing a brief CV.

Terry Symons
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY.

Price Waterhouse

OFFICES IN LONDON · ABERDEEN · BIRMINGHAM · BRISTOL · CARDIFF · EDINBURGH · GLASGOW · LEEDS · LEICESTER · LIVERPOOL · MANCHESTER · MIDDLESBROUGH NEWCASTLE · NOTTINGHAM · REDHILL · ST. ALBANS · SOUTHAMPTON · WINDSOR · ASSOCIATED FIRMS IN IRELAND AND THE CHANNEL ISLANDS

'Hands-On' Role in a Commercial Environment

FINANCE MANAGER

London Docklands c. £25,000 + Car

Our client, an autonomous business unit in the service industry and part of a major multinational group, is seeking an experienced commercially minded qualified accountant to head up its finance function.

Reporting to the Executive Director and supervising a small team of staff, this high profile role will involve extensive liaison with operational management.

Responsibilities will include:

- Financial/Statutory Accounting
- Management reporting and ad hoc analysis
- Budgeting and forecasting
- Systems development
- Company secretarial matters

The breadth and responsibilities of this role requires that candidates should be confident self starters, technically capable and have excellent interpersonal skills. Candidates with the requisite level of experience are unlikely to be aged under 30.

In the longer term prospects exist to move within the group either in a financial or general management role.

Interested individuals should write, enclosing a current CV together with salary details, to Shirley Knight BA, ACMA, MBA at FMS, 14 Cork Street, London W1X 1PF (Tel: 01-491 3431).

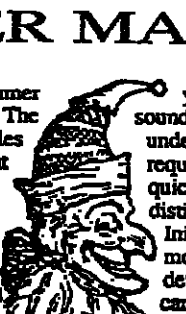
FMS
Search and Selection Specialists
for
Financial Management

Financial Controller

CONSUMER MAGAZINES

London c£25K + Car

Punch Publications Limited is part of United Consumer Magazines, a division of United Newspapers plc. The company publishes twelve leading magazine titles including Punch itself and the recently launched joint venture Auto Express.



A new, more aggressive, business programme has created a position for a Financial Controller. Reporting to the Managing Director you will be responsible for effective provision of the complete range of accounting functions, including the preparation of *monthly management and financial accounts,* assistance with forecasts and annual budgets and the further development of computerised information systems. You will have an Accounts Department of twelve, based at Milton Keynes, to help you.

Probably aged 25-35, with at least two years post-qualification commercial experience and sound management skills, you will need a sympathetic understanding of the publishers' own special business requirements and the flair to see practical solutions quickly. Publishing industry experience would be a distinct advantage.

Initially based in Hampstead Road, NW1 you will be moving to United Newspapers' prestigious new office development in Blackfriars Road in July. The position carries an excellent remuneration package.

Please write enclosing a full c.v. to Julian Chandler, Personnel Manager, Punch Publications Ltd, Greater London House, Hampstead Road, London NW1 7QZ. Tel: 01-387 6611.

If you would prefer an informal discussion you can contact him at home in the evenings on 01-658 0926.

PUNCH
PUBLICATIONS LIMITED

FINANCIAL DIRECTOR

Milton Keynes c£28,000+Car+Benefits

Anson Plastics is a recently-acquired division of McKechnie Plastics Ltd., part of the growing McKechnie Group of Companies manufacturing Extruded Plastics.

The Division principally supplies the automotive industry in the UK and abroad. With a current turnover of £10m per annum Anson has grown at a rate which is in excess of 15% per annum in real terms over the last five years.

In order to exploit further growth potential we now seek to strengthen our new management team by the appointment of a high calibre Financial Director.

A good "team player", you will quickly establish efficient target-setting, budgeting and financial planning systems. Inheriting a small hard-working accounting unit you will need to possess good man-management and communication skills.

You should have a record of success in financial management, sound judgement and business acumen, together with the capacity, flair and initiative to contribute effectively to the general management of the business.

Experience gained in a batch production environment is advantageous as is a "hands-on" approach to computer systems.

The remuneration package includes good basic salary, performance related bonus, company car, pension scheme, private health insurance and relocation assistance where necessary.

Anson Plastics

Please send c.v. details, in the strictest of confidence to:
Mr. D. Lenham, McKechnie plc, Leighswood Road, Aldridge, Walsall, West Midlands W59 8DS.

هكذا من الأصل

هكذا من الأصل

[illegible] من الأصل

GROUP FINANCIAL DIRECTOR (Des.)

London c.£40,000+car+share options

Our client is a young ambitious company, high profile on the USM, and acknowledged as a market-leader in the distribution of fast moving consumer goods. The company has exciting plans for growth, organically and by acquisition, both in the UK and on Continental Europe.

A Financial Director (Designate) is now required who, reporting to the Board, will be responsible for all aspects of financial management and control.

For this challenging key role we are seeking a young, qualified accountant preferably chartered, with several years' post qualification experience and a proven and impressive track record.

Candidates may come from the profession or industry and should have a confident personality, good communication skills with strong commercial awareness, a thorough understanding of accounting and management techniques and sound computer expertise.

Our client will have sight of all applications and candidates should, therefore, indicate any organisation they do not wish to consider.

Please write in confidence enclosing full career details, quoting reference H5673 to Hilary Douglas.

KPMG Peat Marwick McLintock

Executive Selection and Search

70 Fleet Street, London EC4Y 1EU

GROUP TAXATION ASSISTANT

MERCHANT BANKING

CITY

£30,000 + package

This well established and diversified merchant banking group with a substantial international presence wishes to recruit a recently qualified Chartered Accountant to join their small high profile tax department.

The role will involve responsibility for bringing in-house the compliance and tax planning work of many of the companies within the group. There will be opportunities for involvement in all areas of the group's taxation affairs including VAT and international tax.

The successful candidate should have a good academic background with an active interest in corporation tax. To succeed in this demanding position the individual must be self motivated and able to communicate effectively at all levels.

This outstanding opportunity is supported by an excellent remuneration package.

*To discuss the position in further detail, call **Raj Munde ACA on 01-629 4463.** Alternatively write to him at the address below quoting Ref RM800.*

HARRISON WILLIS

FINANCIAL RECRUITMENT CONSULTANTS

Cardinal House, 39-40 Albemarle Street, London W1X 3FD.

Director & Chief Accountant

To £28,000 + car + bonus

North London

Our client is an autonomous business within an acquisitive and expanding PLC. The business produces high quality specialist components for the electronic industries primarily in the UK and the USA and is now appointing a Chief Accountant who will play a leading part in the growth strategy of the business.

As the senior financial manager, the Chief Accountant will have responsibility for the financial efficiency of the business including contribution to commercial decisions, control of the finance team and on-going systems development.

Candidates will be qualified (aged 27-35) with at least 2 years' exposure to a manufacturing unit and preferably experience of a PLC or international group.

Please contact initially (quoting ref 7338) Jeff Adcock, 01-353 1577, Clark Whitehill Consultants Limited, 25 New Street Square, London EC4A 3LN.

CLARK WHITEHILL

Executive Selection

Financial Controller

High Technology Products & Services

North East, c £30,000, Car

One of the success stories of the region, this rapidly growing group now employs nearly two hundred people and is poised to report another record year. The organisation is seeking a young qualified chartered accountant to assume control of the central finance function which utilises fully integrated computerised accounting systems. Reporting to a main board director, this role carries responsibility for the group's entire finance activity including the administration of management accounting procedures, treasury management, budget preparation, forecasting and planning via the control of a small professionally qualified team. Candidates aged over 28 will be expected to have an open, participative style with the ability to operate in a dynamic, fast moving environment and particularly in a structure which allows individuals at all levels to contribute to the company's growth. In view of the expansion plans you should be able to operate externally with confidence, ideally have industry experience and be well aware of public sources of funding. As the most senior financially qualified individual within the company you will immediately be part of the group's senior executive management committee and there are clear prospects for formal advancement in the short term.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to: *R.P.T. Hills, Hoggett Bowers plc, 4 Mosley Street, NEWCASTLE UPON TYNE, NE1 1DE, 091-232 7455, Fax: 091-261 8438, quoting Ref: N18006/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR

A Member of Blue Arrow plc

CORPORATE FINANCE EXECUTIVE
MAJOR RETAILING FMCG GROUP

NORTH LONDON — **c £30,000 + car**

A young entrepreneur is sought by the Divisional Finance Director of this substantial group. Your highly varied brief will include the provision of advice on rationalisation projects, assisting with mergers and acquisitions, and providing market intelligence reports. You should be ACA/MBA, aged to 30, with *experience gained in the corporate advisory division of a top* eight firm or as a business analyst in a dynamic, fast moving commercial group. Ref: DC

BUSINESS ANALYST

CITY — **£23 - £25,000 + car**

Our client is one of the most prestigious banking and financial services groups, highly diversified and highly profitable. Acting as the liaison point between the finance and trading areas, you will provide a comprehensive business analysis service, interpreting both corporate and product profitability. The client views this as an high profile role, ideally suited to a newly/recently qualified accountant and who is seeking a non-accounting role as a route to general management. Ref: NH

INTERNATIONAL OPERATIONAL *REVIEW*

CENTRAL LONDON — **£23 - £25,000 + car**

Our client specialises in advanced materials technology and seeks to grow by developing existing business, nurturing new ones and by acquisition. Their Corporate Audit Division is expanding to ensure that effective financial controls are implemented. Travelling to the States, Europe and the Far East, you will assist in that expansion programme and after 18 months you can expect a Controllership in the UK or overseas. Currently, you should be finalist or recently qualified ACA. Ref: NH

STRATEGY CONSULTANT

CENTRAL LONDON — **£35 - £40,000 + car**

The client is a highly respected and leading international firm of strategic consultants. Your assignments will provide exposure to strategic and profit planning, management buy-outs, acquisitions and fund raising. You should be aged 27 to 33 with a record of outstanding achievement in a top international accountancy firm, and perhaps subsequently with a blue chip or industrial company. Ref: DC

For further information, please call 01-831 4447 or write, enclosing your C.V., to the address below.

David Chorley ASSOCIATES — *ACCOUNTING FOR SUCCESS*

Hanover House, 73-74 High Holborn, London WC1V 6LS Tel: 01-831 4447 Fax: 01-430 1435

DIRECTOR OF FINANCE

National Newspapers — circa £35,000 plus car

The British Newspaper Printing Corporation has made a major investment in the most advanced printing equipment throughout the United Kingdom. As part of the high profile Maxwell Communication Corporation, BNPC produces the Daily Mirror, Sunday Mirror, The People and other newspaper format publications.

We now need a professional who can operate in a fast-moving environment and assume full accountability for the Finance Department of the largest operating Company within BNPC. Reporting to the site General Manager your prime areas of responsibility will be to operate tight financial controls and provide up to the minute management reports and financial appraisals of key issues.

You will be taking your place in a highly commercial environment, managing a staff of twelve. You will therefore need a "hands-on" approach and be computer literate with experience of the implementation of computer systems. The additional responsibilities of developing profitability and systems enhancement mean that you should be fully qualified and have gained a minimum of three years commercial experience.

If you meet the profile as outlined and wish to apply for this challenging position, write now with full cv quoting current salary to:

Mr G M Bentley, Head of Personnel, BNPC (Watford) Limited, St. Albans Road, Watford, Hertfordshire WD2 5RG.

British Newspaper Printing Corporation plc

Financial Director Designate

Basildon

£30,000 minimum — **+ car + benefits**

A rapidly expanding private publishing systems company and computer dealership with annual sales of £5M seeks an ambitious financial director designate, capable of taking the group to the Stock Exchange.

Reporting to the board of directors, the successful candidate will be responsible for:

- **financial and management accounting;**
- **day to day control of the accounting function;**
- **day to day control of the administration, purchasing and stock control function;**
- **further development of management information systems.**

Applications are invited from highly motivated, qualified accountants, aged 28-35, with sound experience in computerised accounting systems and proven ability to manage and motivate staff.

Please send a comprehensive career résumé together with salary history and daytime telephone number, quoting reference 3021, to Vivienne Hines, Executive Selection Division.

Touche Ross

Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB.
Telephone: 01-353 7361.

Accountant/Financial Controller

We are a growing retail company based in Sheffield and aiming for the U.S.M. in 1990. We are now seeking to make a new key appointment to assist in achieving this objective.

You must be a qualified accountant capable of taking the lead in upgrading the accounting systems and refining the financial and management information. You will probably be in your mid/late 20s prepared to dedicate yourself to achieving the highest standard and anxious to take an active role in a young and determined team.

You will probably be bored where you are now.

We are offering a salary of up to £25000 p.a. plus car and an intense environment where you will rapidly see the results of your input.

Please reply to: Robin Silver
BKPT Clothing Co Ltd
19 Charles Street
Sheffield S1 2HS

Appointments Advertising appears every

Monday - Legal Appointments
Wednesday - General Appointments
Thursday - Accountancy Appointments

Corporate Finance

Deloitte Haskins & Sells is a leading financial advisory firm looking to expand its Corporate Advisory team within its Corporate Finance Division by recruiting professionally qualified graduates with relevant experience.

Successful candidates will have at least two years' experience in the corporate finance department of a top merchant bank or stockbroker. They will be able to demonstrate experience in public take-over work, capital raising, the regulatory environment and general corporate advice. A commercial outlook and an ability to market are essential.

An attractive and competitive remuneration package is offered reflecting the importance of the role and its career prospects.

Please write giving full details to: Nicholas A Morriss, Deloitte Corporate Finance, Hillgate House, 26 Old Bailey, London EC4M 7PL.

Deloitte Haskins+Sells

HIGH FLYER
£30,000

ACA, Ideally aged 24 to 30, to join small/medium sized firm of Chartered Accountants. 1st Class Prospects.

In the first instance please contact David Paton on 01-580 5522, alternatively, write to: Executive Search Division, Hynes Associates Ltd, Wells House, 77-79 Wells Street, London W1

CORPORATE FINANCE?
c£21,000

Our Client, a leading medium sized firm of Chartered Accountants, seek a recently qualified ACA to join their Corporate Finance Department. There will be considerable opportunity to gain a great deal of responsibility at an early age.

In the first instance please contact: David Paton on 01-580 5522, alternatively, write to: Executive Search Division, Hynes Associates Ltd, Wells House, 77-79 Wells Street, London W1.

– QUALIFIED ACA –

MAJOR UK BANK

Central London **Package to c.£30,000 + CAR**

Providing specialist financial services to the UK personal and corporate markets, and with an unrivalled reputation in the fields of investment, domestic and international banking, this prestigious client is one of the UK's leading financial institutions.

A new and exciting career opportunity now exists for an ambitious accountant to work within the bank's central finance function.

Liaison with various divisional sectors will necessitate familiarity with a number of key accounting issues, and there will be a considerable degree of exposure to both analysis and investigations. You will gain immediate broad-based exposure to a number of management reporting activities, in the provision of operational support. This key role will therefore demand a strong technical background, allied to an *appreciation of both US and UK accounting procedures.*

Suitable candidates will be graduate Chartered Accountants aged between 26 and 29. Ideally, you will possess between two and three years' post qualification experience, and have worked with a big eight firm. This is an excellent entry point into an organisation where career development prospects extend throughout the entire bank.

mh

Interested applicants should contact Gerald Whiting on 01-488 4114 (01-488 9362 evenings/weekends), or write, enclosing a full CV, to Mervyn Hughes International Limited, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN quoting Ref: A272.

APPOINTMENTS

ADVERTISING

For further information call 01-873 3000

Candida Raymond ext 3351

Deirdre McCarthy ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Patrick Sherriff ext 4627

BUDGET & MANAGEMENT ACCOUNTING MANAGER

C.£22K PLUS CAR BASED SLOUGH

Yellow Pages Sales Limited are a wholly owned subsidiary of British Telecom. With a turnover in excess of £100m and over 600 employees, we are enjoying an extremely successful period of growth.

We are seeking a Budget and Management Accounting Manager to be responsible for the production of management accounts, budgets and forecasts in order to monitor and control our business.

Reporting to the General Finance Manager you will also be responsible for 7 staff with 2 direct subordinates.

You will be a qualified Accountant, ideally with 2 years post qualification work experience, possess good interpersonal skills, and man management experience.

We can offer a good starting salary, a fully expensed company car, free life assurance, contributory pension scheme, 22 days holiday, free private medical care and excellent career prospects.

Please send full C.V. with an indication of current salary to:

Miss Peta Scott, Central Personnel Manager, Personnel Department, Yellow Pages Sales Limited, Directories House, Sussex Place, Slough, Berkshire SL1 1NQ.

YELLOW PAGES

RUMBELOWS

Creating the Platform for Tomorrows retailing

Rumbelows, part of the international Thorn EMI Group, is a clear leader in the electrical retail business. We are rapidly developing our existing 450 branch infrastructure and expanding our scale of operations.

RUMBELOWS

IN TOUCH WITH YOUR FUTURE

MANAGER - MANAGEMENT ACCOUNTING

c£26,000 + car

It's a fast-moving environment where effective management control is vital to future growth. An innovative manager is now sought to take a broad, operations-based overview of all management accounts. Reporting to the Financial Controller, you will be in charge of a team of four Accountants and have core responsibility for the preparation of the monthly forecast, company budget, monthly management accounts and help to prepare the five year plan. The wide-ranging brief also involves providing proactive financial input into commercial analysis and preparing ad-hoc analysis and reviews.

A qualified Accountant, you will ideally have a background in an fmcg or retail environment; you must have at least 4 years' relevant accounting experience in an operating company. PC literacy and experience of mainframe reporting will be essential and must be complemented by strong leadership and interpersonal skills.

This is a high profile position providing an excellent career platform within the multi-national Thorn EMI Group. An excellent salary is offered together with a valuable benefits package including choice of a fully expensed quality car and private medical cover. Relocation assistance available.

To apply, please write with full CV to:- Sue Kensingham, Resourcing Manager, Rumbelows Ltd, Trinity House, Trinity Lane, Waltham Cross, Herts EN8 7DS. or telephone (0992) 31988 for an application form.

Société Générale–Fimat

Senior Accountant

Excellent salary + benefits package with car

Fimat is a wholly-owned subsidiary of the French International Banking group, Societe Generale, and is responsible for the Banks operations in the Futures Markets.

With existing operations in Paris and Chicago, Fimat is seeking to recruit an experienced senior accountant with ACA qualifications for the UK. Knowledge of regulatory reporting techniques is essential, and we would welcome applications from candidates with a Financial Futures background.

In the first instance, please apply in writing, together with a full C.V. to:- Mr K Ferris, Fimat (UK) Ltd, Warnford Court, 29 Throgmorton Street, London EC2N 2AT.

Applications will be treated in the strictest confidence.

SOCIÉTÉ GÉNÉRALE

COMPANY NOTICES

SWEDISH MATCH AB

The annual general meeting of Swedish Match AB will be held on Monday, April 24, 1989 at 5:00 p.m. at the Company's head office: Västra Trädgårdsgatan 15, Stockholm.

Shareholders who wish to attend the general meeting must be recorded in the share register maintained by the Swedish Securities Register Centre (Värdepapperscentralen VPC AB) no later than Friday April 14, 1989 and must notify the Board of Directors of their intention to attend no later than 4:30 p.m. on Wednesday April 19, 1989. The notification of attendance should be mailed to: Swedish Match AB, Box 16100, S-103 22 Stockholm or by telephone + 46 8 22 06 30.

DIVIDEND

Provided that the annual general meeting approves the Board of Director's proposed record day of Thursday, April 27, 1989, dividends are expected to be paid on Monday May 8, 1989.

THE HONGKONG AND SHANGHAI BANKING CORPORATION

Primary Capital Undated Floating Rate Notes

Notice is hereby given to the holders of these notes that copies of the Annual Report and Accounts of the Bank for the year ended 31 December 1988 are available at the offices of the Bank at 99 Bishopsgate, London EC2.

April 6, 1989.

ART GALLERIES

The Lefevre Gallery, 30 Bruton Street, London W.1. 01-493 2107. An Exhibition of works by Jean-Baptiste-Camille Corot. 6th - 28th April. Mon - Fri 10am - 5pm. sat 10am - 12.30 pm.

PUBLIC NOTICES

BHP

DIVIDEND ANNOUNCEMENT

Directors are pleased to announce the following –

(1) A 1 for 10 bonus issue on holdings registered at 28 April, 1989. These bonus shares will qualify for the dividend also announced today.

(2) A dividend at the rate of 9 cents per share payable on 17 May, 1989 and fully franked at 49 cents in the dollar.

(3) The intention to declare a further dividend at the rate of 9 cents per share on 24 May, 1989, payable on 5 July, 1989 and fully franked at 39 cents in the dollar.

[illegible]

(1) BONUS ISSUE

[illegible]

(2) DIVIDEND

[illegible]

(3) FURTHER DIVIDEND

[illegible]

Transfers will be accepted for registration at the Company's share registers and the US Depositary at the following addresses:

AUSTRALIA	Melbourne	140 William Street
	Sydney	20 O'Connell Street
	Canberra	Arthur Young, 54 Marcus Clarke Street
	Adelaide	41-47 Currie Street
	Hobart	Perpetual Trustees Tasmania Limited, 23 Murray Street
	Brisbane	152 Wharf Street
	Perth	221 St. George's Terrace
UK	Bristol	Registrar's Department, National Westminster Bank PLC, Caxton House, Redcliffe Way
USA	New York	Morgan Guaranty Trust Co. of New York, 30 West Broadway

M. J. JAMES
Secretary
THE BROKEN HILL PROPRIETARY COMPANY LIMITED.

31 MARCH 1989

Group Finance Director

c.£30,000 – share incentive – car Manchester

The Alliance Paper Group is the largest privately owned paper merchant in the UK. The head office is in Manchester from where it controls several locations serviced from a central warehouse. Although formed over fifty years ago the company has expanded from a turnover of £8m in 1984 to a target of £50m for this year. Growth in profitability is equally impressive and a listing is planned for 1991.

This rapid expansion has generated the need to strengthen the Board by appointing an individual, male or female, with overall responsibility for accounting, computing, treasury and management information matters. Of equal importance will be your role in working closely with other senior executives on the further development of the Group, giving you the opportunity to fully demonstrate your general business acumen.

Naturally this crucial appointment demands a qualified accountant. Probably aged 30/40, you will ideally be educated to degree level. You must be able to show significant involvement in the management of an organization which operates in a fast-moving commercial environment. Previous experience of the development of computerised accounting systems would be advantageous.

In addition to a challenging and remunerative career, the company offers a comprehensive benefits package, including relocation assistance where appropriate.

To find out more write to John Prestwich, Chairman, Alliance Paper Group Ltd, Wardley Industrial Estate Worsley, Manchester M28 5NJ

Alliance Paper Group Ltd

FINANCIAL CONTROLLER

BERKSHIRE to £30k plus car

Our client, part of a major public foods group, is a specialised retailing business operating from numerous locations throughout the South.

The Financial Controller, who will be a member of the senior management team, will have full responsibility for the finance function in this fast-moving business, including the further development of computer-based information systems. He/she will be expected to influence and work closely with line managers to achieve business objectives and will supervise around 20 professional staff.

Candidates must be qualified accountants with a background in a fast-moving sector such as food manufacture or retailing and with some exposure to multi-site operations. A strong track record in man management is essential, backed up by excellent communication skills. Age envisaged is 30–45.

Please apply in confidence with full curriculum vitae, quoting reference 466/4, to Bernadette Laffey at Charles Barker Selection, 30 Farringdon Street, London EC4A 4EA. Tel: 01-634 1354.

CHARLES BARKER Selection

Executive Selection & Search Consultants

FINANCE DIRECTOR

Manufacturing and Contracting

c£30k
inc. Bonus + Car

Leicestershire based

Our client, a £15m business in electrical engineering, is part of a fast-expanding acquisitive PLC with exciting plans for further development and entry into EEC markets. This post calls for a qualified accountant, Chartered or Cost and Management, to play a key role in the introduction of a new computerised financial and management information system.

Candidates must understand the financial, commercial and production aspects driving a manufacturing business.

The salary will be around £30k including bonus, quality car with free petrol, pension and health care schemes. Relocation assistance will be given where appropriate.

Applications will be dealt with in the strictest confidence. Please write enclosing full career details, quoting ref. CRS 18207. to Bronwen Jones, LBW Ltd., Imperial Building, 20 Victoria Street, Nottingham NG1 2EX, naming any company to which you would not wish your application to be forwarded.

LBW

LOCKYER, BRADSHAW & WILSON LIMITED

Young Financial Controller

Publicly Quoted Group

Hertfordshire, To £26,500, Car, Executive Benefits

Our client is an expanding group, operating principally in the UK Building Sector with interests in California and Europe. An impressive growth rate has enabled this business to achieve a turnover in excess of £200 Million.

An excellent career opportunity has arisen for a recently qualified Chartered Accountant to join their innovative Head Office Management team. Reporting directly to the Finance Director you will review monthly accounts, cash flow and budgets of the operating divisions, prepare the group interim and full year accounts, and handle project work relating to acquisitions and disposals.

The successful applicant will offer sound technical ability in both financial accounting and taxation matters. This challenging position seeks a commercially aware Accountant with a keen analytical mind who can make a vital contribution to the success of the business. Executive benefits package.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to: *B.E. Boylan,* ***Accountancy Division, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB. 01-734 6852, Fax: 01-734 3738, quoting Ref: K16010/FT.***

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR

A Member of Blue Arrow plc

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

A Tradition of Excellence

A range of essential business gifts combining elegance with efficiency.

Send for your FREE FT Collection catalogue.

Write or telephone the FT Collection, 7th Floor, 50-64 Broadway, St James, London SW1H 0DB. Tel: 01-799 2002.

Name ....
Address ....
....
....
....
Postcode ....

'As distinctive as the paper we write on'

Please state if interested in over 25 items Yes/No